

**STANDING FORESTRY COMMITTEE AD HOC WORKING GROUP ON**

**SUSTAINABLE FOREST MANAGEMENT  
CRITERIA & INDICATORS**

**FINAL REPORT**

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**Contents**

- Summary ..... 5
- 1. Introduction..... 8
- 2. Objectives, scope of work and methodology..... 9
- 3. Sustainable forest management in the EU and some global aspects ..... 11
  - 3.1. Systems in place to ensure SFM within the EU ..... 11
  - 3.2. Collection of Data in the EU ..... 13
  - 3.3. SFM challenges within the EU ..... 15
  - 3.4. Role of C&I in Member States’ national systems ..... 17
  - 3.5. Imports of woody biomass to the EU and the impact of EU policies on forests world-wide .... 19
- 4. Criteria and indicators in the framework of EU policies and the 2020 Forest objectives..... 20
  - 4.1. Indicators relevant for EU policies ..... 20
  - 4.2. Indicators relevant to monitor the 2020 Forest objectives of the Strategy..... 21
  - 4.3. Key indicators, suitable for the general reflection of the sustainable management of forests in the different EU Member States ..... 22
- 5. Approaches and tools to demonstrate sustainable forest management ..... 24
  - 5.1. National legislation..... 25
    - 5.1.1. National forest policy and legislation..... 25
    - 5.1.2. National forest bioenergy requirements..... 25
    - 5.1.3. National Public Procurement Policies for Sustainable wood ..... 27
  - 5.2. EU legislation ..... 27
  - 5.3. Voluntary instruments..... 30
    - 5.3.1. Certification of forest management ..... 30
    - 5.3.2. Other voluntary initiatives to address the sustainability of biomass for energy purposes 30
  - 5.4. Risk based approaches to evidence requirements..... 31
  - 5.5. Analysis of the different options ..... 32

**This Final Report has been prepared on the basis of the information provided and the views expressed at the Working Group meetings and in the two questionnaires organised as part of this exercise. The Final Report aims at providing a factual account of the group's work and deliberations that took place during the meetings.**

**The Final Report does not necessarily reflect the views or the opinion of the European Commission.**

## Summary

The Communication on a New EU Forest Strategy<sup>1</sup> states that the Commission, in close cooperation with Member States and stakeholders, should identify "*objective, ambitious and demonstrable sustainable forest management (SFM) criteria that can be applied in different policy contexts such as climate change, bioenergy or bioeconomy, regardless of the end use of biomass*".

The work was prompted by current EU initiatives considering biomass sustainability standards/criteria in the fields of renewable energy, bioeconomy, climate change and further initiatives which are anticipated, notably the implementation of the EU Climate and Energy framework for 2030. The Working Group (WG) has aimed at providing the policy responses to the concerns expressed particularly on imports of biomass, and increasing demand from some sectors (i.e. bioenergy) for evidence that the forests are being managed sustainably, as well as also from some users of forest-based products, who want to be able to demonstrate that the raw material they are using comes from sustainably managed sources.

An approach was sought which would ensure that assurances of sustainability for all forests and their products (including forest biomass), could follow a coherent and cost-effective set of requirements and use a comparable evidence base in a product neutral manner.

To carry out this task, the work was divided in three steps:

1. The first step concerned the analysis of existing criteria and indicators (C&I) of Sustainable Forest Management (SFM) as e.g. provided for by work carried out under FOREST EUROPE (FE) and other relevant policies, regulations and tools in place, and of their application in the EU.

All Member States are committed to practice sustainable forest management (SFM). Through the FOREST EUROPE Process, all have adopted a common definition of SFM and a common set of criteria and indicators (C&I) of SFM. C&I are valuable tools for monitoring trends, reporting at regional, national and international levels and for the assessment of the overall progress towards SFM, but they are not, in themselves, enough to ensure SFM. For that, Member States have in place comprehensive systems to ensure that SFM is achieved in practice. These vary from country to country, but include domestic legislation and a variety of additional requirements that are enshrined in legislation, such as national forest programmes or equivalent and strategies. Participatory processes, at the national and regional level, help guarantee and ensure the delivery of goods and services in a balanced way. There are also a range of soft-law mechanisms including national standards, guidelines, incentives and best practice examples that complement the binding requirements. Such mechanisms operate at national, regional and local levels. There are also several market-based voluntary mechanisms, such as forest certification which consider international SFM initiatives and are extensively used, both within Member States and in other countries worldwide.

Member States also use FOREST EUROPE C&I as a tool to establish 'base-line conditions' and to monitor progress towards specific socioeconomic and environmental goals and other aspects of the sustainable management of forests, including protection and conservation of forests. The C&I are reported on every 4 years for the State of Europe's Forests assessment and provide an invaluable long-term data set for the monitoring of trends.

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<sup>1</sup> COM(2013)659 "A new EU Forest Strategy for forests and the forest-based sector"

2. As a second step, the WG examined and made recommendations on relevant criteria of Sustainable Forest Management with clear, measurable and simple indicators suitable to monitoring the achievement of the 2020 objective of the Forest Strategy and means to facilitate the gathering of and reporting on data for those indicators, facilitating synergies with international and other reporting obligations;

The WG concluded that the full set of indicators is required to address SFM fully. From within the full set of C&I, indicators that have particular relevance to wider forest-related EU policies can be identified.

A revised C&I set is to be endorsed at the 7th FOREST EUROPE Ministerial Conference in October 2015. As part of the review, emerging issues such as climate change, desertification, regeneration, unmanaged forests, forest hunting, funding for forestry and the value of forest ecosystem services are being considered.

Concerning monitoring progress of the EU Forest Strategy, the WG noted that FOREST EUROPE C&I were only part of the picture and that the EU Forest Strategy multi-annual implementation plan (Forest MAP) should also be used for this purpose.

A shorter list of key indicators can be used for communication to convey the concept of SFM in a succinct way to the general public. The following interim list is proposed:

HORIZONTAL (ec-env-soc)	- Forest area (1.1), growing stock (1.2), increments and fellings (3.1), forests under management plan or equivalent instruments (3.5) and protective forests (5.1 and 5.2)
ENVIRONMENTAL	- Forest damage (2.4), carbon stock (1.4), protected forests (4.9) complemented with a possible indicator on Natura 2000, deadwood (4.5) and tree species composition (4.1)
SOCIO-ECONOMIC	- Net revenue (6.3), workforce (6.5), bioenergy production (6.9), wood consumption (6.7) and trade in wood (6.8)

Rather than setting targets, most experts in the WG recommend that Member States follow the trends at national level. Though one member of the group expressed the view that without having targets and thresholds at national level, SFM cannot be ensured.

With the aim of sharing best practice and strengthen the common knowledge-base, it is also recommended that the Standing Forestry Committee, within the framework of the implementation of the Forest Strategy every 5 years undertakes a qualitative overview of EU 2020 forest objectives, addressing their evolution and trends. The WG particularly highlighted the State of Europe's Forest and FAO's Global Forest Resource Assessment as relevant starting points for such an exercise in order to provide added value to, and build on existing international reporting, avoiding duplication of efforts. On a voluntary basis, Member States could provide further information about their national circumstances to stimulate co-operation in the achievement of SFM.

3. Finally, as the third and last step, the WG examined and expressed views on approaches and tools to provide sustainability assurance to forests and their products, including forest biomass, in a product neutral manner. The approaches analysed were national legislation, EU legislation, voluntary systems (i.e. certification) and complementing these, an overall risk-based approach.

Most countries and stakeholders considered that within the EU the most appropriate level to ensure forests are being managed under SFM principles is the national level. National legislation, together with best practice guidelines, forest authority checking, etc., is the best way to ensure SFM practices. Though, there were few diverging views considering that the management unit level would be the principally preferred approach, in combination with other levels, where appropriate.

Where a need to demonstrate SFM arises in a policy, national legislation, as appropriate in combination with some or all other approaches (for example including EU legislation and voluntary market-based instruments), depending on the purpose was considered by most experts as the preferable approach to demonstrate SFM.

Where an operator is required to demonstrate sustainability (i.e. clearly show it, by means of proof or evidence) for market or contractual purposes, then a risk-based approach adequately reflecting different types of evidence from the different levels might be considered, whenever possible making use of existing information. The same can be applied to public procurement procedures, where Governments act as buyers. Thus if the national situation is deemed low risk of lack of SFM, then less further confirmation would be required. Whereas a higher risk estimated at the national level would then require further evidence, e.g. market-based instruments, such as certification, or equivalent.

This approach would accommodate material received from third countries as well as from within the EU. In any case it was deemed essential that policy measures take account of global trade requirements and can be applied equally both within the EU and to non-EU countries.

Most members of the WG were against new legislation in this area in general, and against an expansion of the EU Timber Regulation in particular. Rather the WG encourages making further efforts to ensure full implementation of the existing relevant EU legislative acts and initiatives, in particular the EU Timber Regulation, the EU FLEGT Voluntary Partnership Agreements, the FLEGT Action Plan, the Birds and Habitat directives, as well as the cost-effective use of the existing forest management tools and the established market-based instruments such as certification and chains of custody.

# 1. Introduction

Since the Rio "Earth Summit" in 1992 the forestry sector has worked hard to agree and implement concepts of sustainable forest management worldwide. At the global level objectives have been defined through the UN Forum on Forests. At regional level FOREST EUROPE was one of the first policy processes to develop a definition of sustainable forest management (SFM), together with a set of criteria and indicators, which were first adopted in Lisbon in 1998. These were further improved and endorsed by the Ministerial Conference in Vienna (2003), and are currently under review.

The Communication on a New EU Forest Strategy<sup>2</sup> states that by 2020 we will "ensure and demonstrate that all forests in the EU are managed according to sustainable forest management principles and that the EU's contribution to promoting sustainable forest management and reducing deforestation at global level is strengthened". It also states that the Commission, in close cooperation with Member States and stakeholders, should identify "*objective, ambitious and demonstrable sustainable forest management (SFM) criteria that can be applied in different policy contexts such as climate change, bioenergy or bioeconomy, regardless of the end use of biomass*".

'Ensuring' Sustainable Forest Management (SFM) is about the measures taken to make it happen on the ground, the measures taken to influence forest owners and forest managers to manage their forests under the principles of SFM. Including measures taken by, for example Forest Authorities, to follow up and check that forests are being managed sustainably in practice.

'Demonstrating' that forests are being managed under SFM principles can be defined as showing others that it is happening. That is, to show, reassure, prove, and/or to provide evidence to third parties, such as stakeholders, society, users of 'products' from the forest

The work of this Working Group was prompted by current EU initiatives considering biomass sustainability standards/criteria in the fields of renewable energy and increasing demand for biomass, bioeconomy, climate change and further initiatives which are anticipated, notably implementation of the EU Climate and Energy framework for 2030. The WG has aimed at providing the policy responses to the concerns expressed particularly on imports of biomass and increasing demand from some sectors (i.e. bioenergy) for evidence that the forests are being managed sustainably, as well as from users of forest-based products, who want to be able to demonstrate that the raw material they are using comes from sustainably managed sources.

This work, therefore, is an important basis for monitoring the achievement of the 2020 objectives of the Forest. The work should take into account:

- The need to balance various forest functions, meeting demands, and delivering vital ecosystem services;
- The need for forestry and the whole forest-based value chain to be competitive and viable contributors to the bio-based economy.

The work is also connected to the EU energy and climate change policy framework with the horizon of 2030<sup>3</sup> and to the implementation of the Bioeconomy Strategy<sup>4</sup> in so far as the identification of indicators for the sustainable management of forest is required under these policies. As an example,

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<sup>2</sup> COM(2013)659 "A new EU Forest Strategy for forests and the forest-based sector"

<sup>3</sup> COM(2014)15 final "A policy framework for climate and energy in the period from 2020 to 2030"

<sup>4</sup> COM(2012)60

through the Energy Union, the EU is committed to becoming the world leader in renewable energy, the global hub for developing the next generation of technically advanced and competitive renewable energies. The EU has also set an increased EU target of at least 27% for the share of renewable energy consumed in the EU in 2030. Bioenergy is expected to provide a significant contribution to the achievement of the 2020 and 2030 EU climate and energy targets. As stated in the Commission Communication on the Energy Union Strategic Framework, in 2016-2017 the Commission will present a new Renewable energy package post-2020, including coherent EU policy on bioenergy sustainability. Such new policy framework should deliver robust and verifiable life-cycle greenhouse gas savings (taking into account land use), maximise the resource efficient use of biomass and allow for fair competition between the various uses of biomass resources, while guaranteeing the integrity of the internal market.

It has also been guided by the Council Conclusions on the new EU Forest Strategy<sup>5</sup>, that stress that full advantage should be taken of existing Forest Europe C&I, and, only if needed, adapting criteria and indicators for SFM, as well as by the European Parliament report<sup>6</sup> that supports the Commission's intention to develop, together with the Member States and stakeholders, an ambitious, objective and demonstrable set of criteria and indicators for the sustainable management of forests, stressing that these criteria should be aligned with the requirements of FOREST EUROPE.

The 131<sup>th</sup> meeting of the Standing Forestry Committee (SFC) in December 2013 held a special session on this issue. Stakeholders from the different groups were also invited to present their views. The discussion continued in subsequent meetings in March and June 2014. The ad hoc Working Group (WG) was finally set up during the 133<sup>rd</sup> SFC meeting in June 2014. It consists of experts nominated by the Member States and by relevant stakeholder groups, as well as experts from 10 different Directorate Generals of the Commission. The research community was represented through the European Forest Institute (EFI) that contributed to the work as an expert on this topic. The members list and dates of meetings can be found in Annex 1 & 2.

Members of the Working Group met 6 times (11 June, 9 September, 4 December 2014, 12 March, 4 June and 25 June 2015).

The report is divided in five chapters: introduction, objectives and scope of work, sustainable forest management (SFM) in EU Member States, criteria and indicators in the framework of EU policies and the Forest Strategy 2020 objectives and approaches and tools to demonstrate SFM.

## **2. Objectives, scope of work and methodology**

The mandate for the WG (in Annex 3) specifies that the principal aim of the WG is to identify objective, ambitious and demonstrable SFM criteria that could be applied to all forests (whilst the focus is necessarily on forests within the EU, the mandate also applies to forests further afield). The corresponding indicators should be applicable for the purpose of different EU policies when there is a need to refer to sustainable forest management and to demonstrate this is being achieved through

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<sup>5</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/agricult/142685.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/142685.pdf)

<sup>6</sup> Add reference when available

the provision of appropriate evidence. The approach adopted should ensure that demonstration of sustainability for all forests and their products (including forest biomass for energy), could follow a coherent set of requirements and use a comparable evidence base regardless of end use of the products, and regardless of where the forest is geographically located.

To carry out this task, the work was divided in three steps:

1. The first step of the Working Group's activities (chapter 3) concerned the existing criteria and indicators of Sustainable Forest Management (SFM) as, for example, provided for by work carried out under FOREST EUROPE and other relevant policies, regulations and tools in place, and the analysis of their application in the EU.

2. As a second step (chapter 4), the Working Group examined and made recommendations on:

- Relevant criteria of Sustainable Forest Management with clear, measurable and simple indicators suitable for monitoring the achievement of the 2020 objective of the Forest Strategy;
- Means to facilitate the gathering of and reporting on data for those indicators, facilitating synergies with international and other reporting obligations.

3. Finally, as the third and last step (chapter 5), the Working Group examined and expressed views on approaches and tools to provide sustainability assurance for forests and their products, irrespective of the end use, e.g. EU level legislation, national legislation, market-based certification instruments, and other ways of demonstrating sustainability. In considering these various tools and how they might be deployed, the idea of matching the evidence requirements to the risks of unsustainable practice (a risk-based approach) was also discussed.

To identify the technically feasible and politically relevant criteria and indicators, the Working Group collected information on:

- What Member States are doing internally to ensure and demonstrate SFM within their own forests and how criteria and indicators are used (questionnaires and presentations from countries);
- What the EU policy needs are (presentation and working document on needs coming from different policies in the areas of rural development, environment, forest reproductive material and forest health, climate change, bioenergy, forest-based industries and the emerging bioeconomy);
- What the situation is within Member States for reporting on the various FOREST EUROPE indicators, both quantitative and qualitative (based on a number of research studies – information provided by the European Forest Institute EFI);
- What objective, ambitious and demonstrable SFM criteria and indicators the SFC WG members and stakeholders identified as relevant to their forest policies and in the framework of EU policies, in particular the EU Forest Strategy 2020 objective (questionnaires and presentations from countries and stakeholders).

The group also considered how appropriate criteria could be applied to material that was imported into the EU. This is particularly relevant to some countries that import a high proportion of their wood needs, in some cases to meet their renewable energy targets. It is also relevant to the objective of strengthening sustainable forest management and reducing deforestation at the global level and ensuring that EU policies do not have detrimental environmental or social impacts on forests elsewhere.

Information was collected through two questionnaires sent to the Standing Forestry Committee (SFC), one on SFM in EU Member States and criteria and indicators in the framework of EU policies and a second one on approaches and tools to provide sustainability assurance for forests and their products. Stakeholders also provided an input to the second questionnaire as well as to the section on SFM criteria and indicators in the framework of EU policies included in the first questionnaire. Members of the Working Group provided presentations and papers that have been also considered in the report.

To ensure a flow of information between the Commission services and Member States, the latter were invited to give presentations at the 1<sup>st</sup> and 2<sup>nd</sup> meeting of the WG, to present the situation on the Member State level on how SFM is encouraged by specific regulations, management practices and monitoring frameworks within their countries. Stakeholders were given the opportunity during the 3<sup>rd</sup> meeting of the WG to present their views on the SFM and how to ensure it.

The SFC and the Civil Dialogue Group on Forestry and Cork (CDGFC) were regularly debriefed about the state of play of the Working Group's activities. Discussion papers and documents were made available to the SFC and CDGFC to allow all Member States and stakeholders to communicate their viewpoint and experience. The Liaison Unit of FOREST EUROPE was also kept informed about the scope and progress of this exercise.

### **3. Sustainable forest management in the EU and some global aspects**

#### **3.1. Systems in place to ensure SFM within the EU**

The Working Group has analysed different systems that Member States have currently in place to ensure SFM. Information gathered showed that these systems include: legislation and variety of additional requirements that are set forward in legislation, forest programmes and strategic plans both on national and regional & local levels, and soft-law mechanisms, such as guidelines, best practice examples and voluntary mechanisms, such as forest certification. To present the situation in Member States, description of the current systems in place is presented throughout this chapter, taken from responses in the first Questionnaire.

Member States have in place different legal frameworks to ensure SFM at a national level. To ensure that legislation is comprehensive and addresses different aspects of SFM, Member States reported they involve several national institutions, and with these take into account different needs and aspects of forest management. How national legislation is structured, depends on the existing system of governance in each Member State, so legislation can be set at a national or regional level or as a combination of both. In some of these cases, the national legislative framework sets more general obligations, while subnational and / or regional one sets stricter, local specific obligations, however still compatible with the national ones. For example, in the case of Germany, Federal and Laender Forest Acts are complemented by legislation in other areas relevant for forests (e.g. water protection, nature protection, wildlife protection, land use planning etc.)

**Example: Finnish Forest Act** - In Finland, long-term SFM in private forests has been secured by forest legislation since 1886. The obligation to regenerate the forest after felling has been and remains the most important principle of the law. Another important aspect is the habitats of special importance to forest biodiversity which are listed in the Forest Act; the natural features of these habitats must be conserved. The Act stipulates that forest owners fill in a mandatory forest use declaration before fellings take place, and compliance with legislation is monitored by the authorities. This system is also utilised in the national implementation of the EU Timber Regulation. The main sustainability requirements are set in legislation, but forest owners are encouraged to utilise the Best Practices Guidelines—based on research carried out by the Natural Resources Institute Finland.

**Example: Portuguese Forest Act** -The Forest Policy Act (1996) can be considered as one of the main elements of the national system as it outlines a framework where the most important domains requiring further development are indicated. The National Forest Strategy, which has recently been updated (launched in 2006 and update in 2015) constitutes a reference document for the implementation of the different policy measures foreseen in the Forest Policy Act, including the Regional Forest Management Plans (PROF), the Permanent Forest Fund and the Rural Development Programme as well as other national programmes which result both from European Structural and Investment Funds and from specific national needs. The national legal system provides a framework for forest planning and management which comprises 3 levels: Regional Forest Management Plans, Forest Management Plans (unit level) and Specific Forest Intervention Plans.

Having legislative frameworks gives Member States the possibility to address SFM and set clear objectives for the sustainable management of their forests. Nonetheless, there are differences amongst the objectives set by each Member State, varying from general to specific ones. Some of the objectives set by MS are for example: to preserve existing forests and the overall area of forest cover, to increase the forest area (in particular in those countries with low forest surface), to increase the role of forests in ensuring economic prosperity, to increase the input of the forest sector to the green economy, the protection of biodiversity, to secure the commitment of forest owners to SFM, the sustained production of wood and non-wood goods, etc. Member States which have Strategic Plans and / or National Forest Programmes or even regional legislation, can use those to further define the general objectives and more specific additional ones.

Through legislation Member States also put forward various binding requirements that forest owners, forest operators and other users of forests, have to fulfil while carrying out activities, such as logging, management, road building in the forest, etc.

**Example: Cutting permit in Lithuania** - In order to maintain balance between net annual increment and annual fellings of wood, felling volumes in all the forests of Lithuania are basically regulated by the state. This regulation occurs at different levels and contains measures such as approval (by Government or Ministry of Environment) of total maximum felling volumes for all state forest managers, specific planning of cuttings in forest management plans and issuing permits for cutting (by State Forest Service). Final fellings are allowed only when there is a forest management plan for that forest and cutting permit is received. For intermediate fellings private forest owners are obliged to send a notification to a local unit of the State Forest Service. All these measures ensure that felling volumes do not exceed increment.

These requirements, which differ from one Member State to another, vary from more general ones, to very strict and detailed requirements for activities taking place in forests. Such requirements are for example, the production of management plans or equivalent instruments, permissions for felling, approval and licensing for all activities carried out in the forests, measures to ensure regeneration, requirement to replant after clear-cuts, etc. It was pointed out by one stakeholder that this might make it difficult to assess the standards and effectiveness of SFM in an EU context.

**Example: Forest Management Plans in France** - In France forest management plans (FMPs) are mandatory in all publicly owned forests and in all privately owned forests above 25 hectares. For public forests, they are drafted by the national forest agency, approved by the territorial authority and the representative of state at regional level (prefect). The FMP should comply with the regional framework document. For private forests, FMPs are drafted by the owner or a forest manager and approved by a regional public office, steered by forest owners' representatives (Centre régional de la propriété forestière). Collective management plans may be also submitted by a forest manager, forest expert or forest cooperative to the regional office which verifies their compatibility with the regional framework document.

Soft-law mechanisms, conditions of forest management and voluntary mechanisms also play an important role in ensuring SFM. To a greater or lesser extent, all Member States are using soft-law mechanisms, such as guidelines, best practice examples, etc., and through these share the information and knowledge about the benefits of sustainable forest management. At the same time, they inform forest owners and other users of forests on how to tackle problematic issues and work efficiently towards ensuring SFM. Another approach, which is in many cases based on the pro-active involvement and individual initiative of the forest owners, is joining one or more of the forest certification schemes. Such schemes provide independent assurances that the forest is being managed according to the principles promoted by that certification scheme.

**Example: Implementation systems in Sweden** - The Forestry Act is one of the most important tools for implementing forest policy; the other relevant pieces of legislation are the Environmental Code, the Cultural Heritage Act, and the Timber Measurement Law. The laws set the framework and delineate the fundamental demands on how forestry shall be conducted. The Swedish Forest Agency (SFA) is the Government authority responsible for enforcement of the Forestry Act and the Environmental Code (regarding forestry). Above and beyond the provisions of the Forestry Act forest owners are also expected to make additional contributions in order to achieve the two co-equal forest policy goals on production and environmental consideration. In order to achieve the two goals a combination of forest policy tools is used, such as extension services and education; public control and supervision/law enforcement; public protection of forest lands and state support for nature protection agreements as well as forest owners' voluntary contributions to set-aside areas for forest protection.

### 3.2. Collection of Data in the EU

National Forest Inventories (NFI) are the main tool used by Member States to collect and gather various data related to forests and forest land. These data, which differ between Member States, are gathered at intervals, varying from 1 to 10 years, depending on the MS. However, the majority of Member States also use other methods and information from third parties (research organisations, other national agencies), to complement the NFI information and provide a wider overview.

Examples of additional information used are; reports on forest health, its vitality and safety, a variety of economic information, the area of protected forests, the phytosanitary situation of forests, evaluations of threatened species, and employment in the forest-based sector, etc. The forest information can be collected through a variety of means such as aerial survey, forest based plots, satellite data, laser scanning, etc. and can be presented in various formats, from administration reports, annual forestry reports, etc.

**Example: Data collection in United Kingdom** - The UK has undertaken national forest inventories periodically since 1924. The most recent inventory is being undertaken on a continuous 5 year cycle, with fieldwork for the 1st cycle now largely complete. An aerial survey is done to determine forest area and type and then a detailed survey is done on a sample basis. This provides much of the data required for the Forest Europe C&I and other reporting needs. Additional instruments used include business and industry surveys, health and safety data, independent certification schemes, forestry data such as the administration of forest plans, felling licences, and the payment of incentives for various management activities; Labour Force Survey, household surveys of outdoor recreation etc.

Geographic Information Systems (GIS) are commonly used by Member States in the processing of data collection. However, there is a noticeable difference between public and private forests. Some MS have coverage of the independent ownership of forests but most commonly in the EU MS public forests are better or more comprehensively covered by GIS. In many cases information is geo-referenced which is important when using the information in development of forest management plans, cadastral plans, risk assessment plans, forest road building, etc., which enables Member States to take decisions on updated and accurate data. Nonetheless some Member States are still in the process of including GIS in the information gathering or are using it only in part of the process or part of the forest areas. Some are not using it yet.

All information gathered in the National Forestry Inventory and other sources are generally publically accessible online on the websites of different Member States agencies. Nonetheless, in some cases registration is required to obtain data or even individual requests are needed for data that are sensitive or accessible only to specialised agencies, according to data protection requirements. It was argued, by one stakeholder group, that transparency and availability of information could be improved.

The European National Forest Inventory Network (ENFIN<sup>7</sup>) is helping to promote national forest inventories (NFIs) as comprehensive monitoring systems by collecting harmonised information on forest ecosystems and landscapes changes. ENFIN serves a broad spectrum of forest-related policies and therefore ENFIN aims at enhancing co-operation between national forest inventory organisations, especially to:

- provide a clearly visible platform for the provision of harmonised forest inventory information on European forests;
- promote knowledge-sharing, enhanced methods, and new ideas, thereby maintaining updated forest information systems;

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<sup>7</sup> <http://enfin.info/>

- ensure the continuous improvement of methods, data collection and data analysis within the NFIs;
- maximise the synergy between NFIs and other European and International level data collection systems, monitoring and reporting activities;
- ensure openness to new requirements on forest data for emerging policy needs.

### 3.3. SFM challenges within the EU

MS have range of mechanisms to promote SFM and ensure that, where forests are being managed it is done on a sustainable basis. However during the work of the group, respondents also highlighted a range of challenges:

**Lack of information:** is considered as one of the main challenges that could hinder the process to ensure the SFM and might cause problems when developing indicators. Lack of information collected, can lead to an incomplete picture of the situation in the forests and the incorrect planning of activities. However the increase use of remote sensing is likely to help addressing this issue.

**Lack of management:** can lead to the accumulation of biomass which, although it could important for biodiversity, can in turn cause more frequent or intensive forest fires in some countries. Lack of management can also result in a reduced rate of carbon sequestration. In some cases lack of management is the result of fragmented forest ownership or due to the process of restitution of forest land to private owners. In some Member States this has resulted in extensive areas left unmanaged or abandoned. Lack of management in younger stages of forest growth can lower the value in older stages if thinning and other necessary management activities are not carried out. Unmaintained forest roads might also hinder access to different areas in the forest.

There is no single way of sustainable forest management, as SFM balances all three pillars, which depends also on type of forest and its age, geographical location, etc. It is important to use sustainable forest management to ensure that the use of wood as a sustainable, renewable, climate and environmental friendly raw material does not damage the forests and their ecosystem services. In certain cases not carrying out forestry activities in a certain proportion of forests could be essential for biodiversity.

**Example: lack of management, challenge in a number of countries** – In a Mediterranean context and under conditions of drought and hot summers, lack of management is a recurrent problem, in particular in rugged landscapes (that make mechanization more difficult), small properties and in areas with high share of private and fragmented ownership where the profitability of forestry is a real challenge. The lack of management leads to an accumulation of biomass in the forests that increases the risk of forest fires. An additional challenge, highly linked with the former, is the fragmented forest ownership, when a large number of individuals own and manage small-size parcels in the same area. An active approach to address this long-standing and complex situation is needed to ensure SFM in those areas. Different initiatives have been launched to tackle this issue (e.g. SOFOR in Galicia, <http://mediorural.xunta.es/es/areas/forestal/ordenacion/sofor/>). Although a big effort has been made in the last decades trying to promote SFM, the low economic profitability makes difficult the engagement of small forest owners in management.

Woodlands that are not managed (neglected) are also a persistent problem in the UK. In England, for example, this applies to more than 40% of the woodland area. New markets for wood-fuel are expected to help reduce this. Many of the unmanaged woods are typically small scattered farm woods.

In a number of countries such as Hungary or Romania where restitution of forest land has taken place in the early 1990-s, an important share of forest area still lacks proper management.

**Lack of resources:** is both referring to financial investments and to human resources. Lack of forest service staff can hinder the evaluation of forest management plans, and the collection of data during the monitoring and data processing, which can lead to delays in availability of data for later stages in forest management, etc.

**Combination of the above:** in the majority of Member States a combination of the two or all three challenges mentioned above were the main problems to ensuring SFM.

**Other:** In addition to the above mentioned challenges, a number of responses refer to natural disasters such as storms, pests and diseases. While natural disasters, pests and diseases pose challenges in SFM, they are natural occurrences and as such part of the SFM in the long term and their incidence should not be seen as inhibiting SFM. In addition, human factors such as illegal logging, low economic profitability, climate change, pollution and land fragmentation were mentioned. Tensions were also reported in sometimes contradictory wishes from society, especially between forest management and recreation, due to the growing demand for access to forests, which may conflict with other activities such as wood production or biodiversity conservation. These require balancing between the three pillars of SFM.

One stakeholder group and some Member States mentioned **the increase in demand**, notably for biomass, as a threat to SFM across Europe as well as for forests outside of the EU that needs to be properly addressed. In addition one stakeholder group argued that variation in definition of SFM exists and its implementation varies across the EU. In scope of this, they were also of opinion that economic perspectives are often overemphasised in comparison to social and environmental aspects.

Another challenge is the declining levels of biodiversity across the EU, as it is reported in the latest reports from EEA.

**Example: Other challenges identified in Slovakia** - Impact of natural disasters (wind storms, bark beetle) on forests in last 20 years and consequential high share of salvage cutting are among the main challenges for implementing SFM. These impacts are gradual and they negatively influence age structure of forests, regularity of annual felling, and the ability of forests to provide forest goods and services. The course and severity of the impacts are often related to the ability to take appropriate actions in order to mitigate damages caused by natural disturbances. A relationship between forestry and nature conservation is seen as another (but related) main challenge in this regard. For example: since salvage cuts are usually restricted in some of the protected areas, bark beetle can spread across borders of a protected area and cause additional damage to other surrounding forest ecosystems. Moreover, damaged sites are often those with higher risk of forest fires. As a consequence, the ability of forests to provide goods and services may be limited to a large extent.

If challenges are not addressed on time and in a comprehensive manner they have the potential to hinder the work already carried out, and have repercussions on balances services provided by forests. In order to ensure SFM, Member States should make particular efforts to address these challenges. Participatory processes both on national and regional level, can contribute to limit negative effects and ensure the delivery of goods and services in a balanced way.

### **3.4. Role of C&I in Member States' national systems**

Based on the information received from the questionnaires the extent to which existing criteria and indicators are used in the national systems can be described as follows:

Member States use criteria and indicators on the national level in relation to SFM for different purposes, including:

- monitoring forest policy;
- monitoring other policies;
- providing input to other policies outside forest sector (such as nature conservation legislation, climate change mitigation (LULUCF), hunting legislation, etc.);
- monitoring the implementation of EU policies related to forests;
- communicating the principles and evidence of SFM and their application.

In addition C&I to communicate the principles of SFM and their application. In addition C&I are valuable tools for monitoring trends, reporting at regional, national and international levels and for assessment of the overall progress towards SFM and a tool for orientation, but they are not, in themselves, enough to ensure SFM. Member States use FE C&I as a tool to establish 'base-line conditions' and to monitor progress towards specific socioeconomic and environmental goals and other aspects of the sustainable management of forests, including protection and conservation of forests. FE C&I can be also used as a source for analysis that is undertaken for the purpose of Rural Development Programme (RDP) preparations.

The WG also analysed how FOREST EUROPE Criteria & Indicators (hereinafter FE C&I) are used at national level and the extent to which reporting on the FE C&I is undertaken. The majority of MS are using and reporting on most of FE C&I, with some MS using all of the FE C&I. However several MS are using them but not reporting on them just one MS is neither using nor reporting on them. FE C&I represent an important data set in the context of various policy requirements Most MS are reporting

on FE C&I, and to gather the necessary information, they are using their National Forest Inventory in combination with other sources and methods to obtain all the necessary information.

FE C&I provide a good overview of SFM across the EU and its MS and other signatory countries. Within the EU many Member States have developed additional, country specific criteria and indicators for detailed monitoring of country specific conditions. These additional C&I are used to address issues such as: energy production from wood fuels, use of forest area for other purposes, monitoring occurrence of pests, building with wood, game management and grazing activities, species distribution and trends in species populations, areas under certification schemes, and recreation in forests, monitoring the illegal activities, road networks, etc.

Through the FOREST EUROPE Process, all Member States have resolved to practice sustainable forest management (SFM) and have adopted a common definition of SFM and a common set of criteria and indicators (C&I) of SFM. A revised C&I set is to be endorsed at the 7th FOREST EUROPE Ministerial Conference in October 2015. As part of the review, emerging issues such as, climate change, desertification, regeneration, unmanaged forests, forest hunting, funding for forestry and the value of forest ecosystem services are being considered.

**Example: Nationally developed C&I and thresholds in Austria** - In addition to FOREST EUROPE 6 criteria and 35 quantitative indicators, Austria further developed 35 national indicators and 1 additional criterion (Austria's International Responsibility for SFM). For 68 of the 70 indicators thresholds and targets were developed. This happened within the Austrian Forest Dialogue (NFP), an open, participatory policy development process in which over 90 organisations take part.

More than half of Member States do not have thresholds or targets set on national level for FE C&I. However some of the Member States have one or two targets set in their National Forest Programme or other frameworks.

**Example: afforestation target in Ireland** - Ireland has a forest cover of around 11%, well below EU average (42%). In order to increase the forest surface, Ireland has set an afforestation target of 10,000 ha per annum up to 2015 and 15,000 ha per annum for the period 2016 to 2046. This will, with replanting of clearfell areas, provide a forest cover of 18%. Targets will be reviewed every five years beginning in 2016 in the context of long term sustainable roundwood supply and other policy considerations."

Member States that have set thresholds or targets do so for a limited number of indicators. For example; the balance of broadleaves and conifers, the balance between increment and felling, targets for overall forest area, reducing the area of forests affected by pests and disease, afforestation per year, increases productivity for forest employees, tending of seedlings, etc. Most Member States are monitoring long-time trends.

Rather than setting targets, most experts in the Working Group recommend that Member States follow the trends at national level. Though, there was a diverging view that considered that without having targets and thresholds at national level, SFM cannot be demonstrated. It stressed that FE C&I lack thresholds or reference levels for implementation and enforcement and hence demonstration of SFM to be assessed against.

### **3.5. Imports of woody biomass to the EU and the impact of EU policies on forests world-wide**

The EU has approximately 180 million hectares of forests and other wooded land, corresponding to just over 40% of its land area. In general, at the end of production cycle half of incoming forest biomass is used for material use and half for energy purposes. Forest supply around 97 % of the industrial roundwood processed by EU wood-processing industries.

In tropical countries drivers of deforestation are mainly linked to the global demand for agricultural commodities. Deforestation is a complex process involving many factors that can partly also be related to weak governance the lack of law enforcement that can lead to loss of the sovereign rights of countries to plan and use their land, including forested land, for their development needs.

At global level, the EU is at the frontline of work on combating deforestation and forest degradation. It promotes sustainable forest management as a way of protecting biodiversity, fighting desertification and responding to climate change, whilst ensuring that forest ecosystems deliver goods and services. The EU policy instruments, namely the EU Timber Regulation (EUTR) and the rest of the FLEGT Action Plan, are respectively reducing illegally imported wood and wood-based products, and improving forest governance in those areas. The FLEGT processes in particular contribute to more participation, transparency and accountability in the forest sector: they have stimulated legal reforms in several countries and can help partner countries to tackle illegal deforestation. The EU also supports the initiative on Reduced Emissions from Deforestation and Forest Degradation (REDD+), which aims at generating incentives for reducing deforestation. In addition, the Commission finances efforts to improve land governance, notably the implementation of FAO Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forest. The EU has also committed to halt forest cover loss by 2020, reduce tropical deforestation by 2030 and improve biodiversity levels globally.

Of more direct relevance to this WG is the increasing demand for woody biomass for energy. While the EU still provides the bulk of material from domestic sources, the increasing demand is such that future needs can only be supplied by increasing imports, specifically of wood pellets.

This raises the question of sufficient supply of sustainable and cost-effective biomass for all uses in the EU beyond 2020, including the traditional woodworking industries and the emerging branches of the bioeconomy. EU imports of wood pellets have risen from 2.7 million tonnes in 2010 up to 4.3 million tonnes in 2013. By 2020, EU wood pellet imports from third countries are expected to be at least 15 million tonnes, equivalent to 15 per cent of biomass supply for power and heating. Actions and demands within and of the EU resulting in wood imports have effects on SFM at the global level. Means of demonstrating SFM need to be applicable to imported material in the same way as they applied to material from MS. While the pan-European Region countries are signatories to FOREST EUROPE, in other regions there are other comparable processes that establish coordinated national reporting mechanisms on status and progress towards SFM, based on the C&I (e.g. Montreal Process or ITTO). Whilst this was debated in the working group, some experts expressed that the criteria and indicators under FOREST EUROPE cannot necessarily be applied to countries outside the EU and that further work and discussion on SFM from a global perspective is needed.

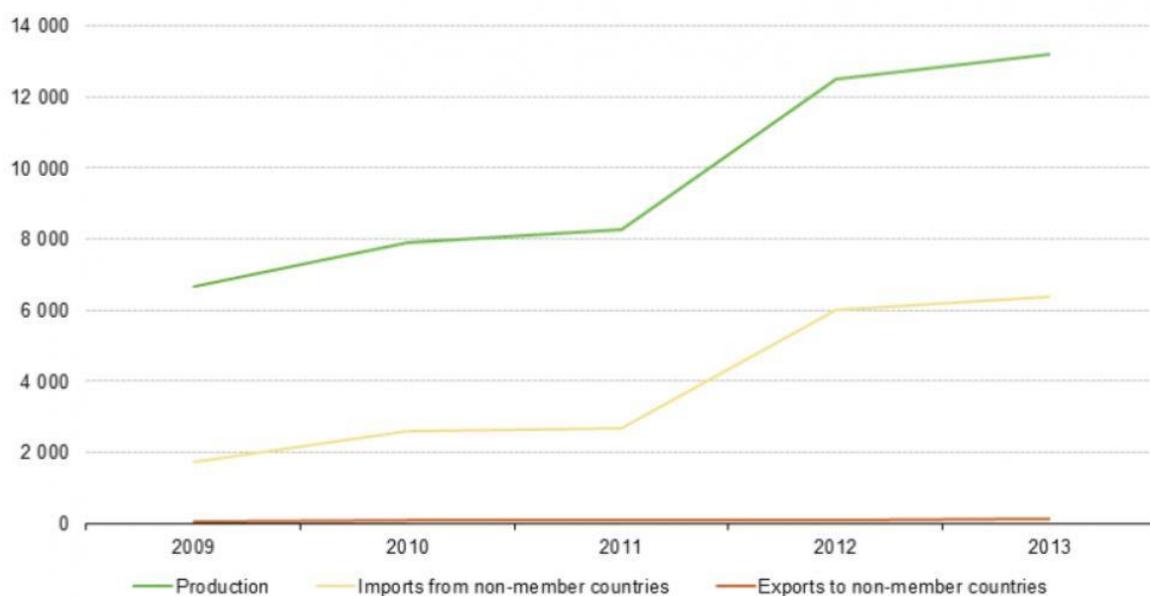


Figure 1. EU production, imports and exports of wood pellets in 1,000's tonnes

## 4. Criteria and indicators in the framework of EU policies and the 2020 Forest objectives

In line with the mandate, criteria and indicators should be applicable for the purpose of different EU policies when there is a need to refer to SFM and its means of evidence in a way linkable to subsequent life-cycle phases. This approach would ensure that assurances of sustainability for all forests and their products (including forest biomass), could follow a coherent set of requirements and use the same evidence base regardless of end use.

On top of that, this work will support the assessment of the new Forest Strategy 2020 objectives.

The Working Group analysed SFM criteria and indicators in the framework of the different EU policies and of the 2020 forest objectives of the new EU Forest Strategy.

In particular, the group addressed how FOREST EUROPE C&I can serve this purpose. The presentations from Member States and stakeholders and the discussion that followed were the main source for this analysis together with Part III of Questionnaire n°1.

### 4.1. Indicators relevant for EU policies

The main needs identified by the Commission from EU policies regarding to SFM C&I refer to:

- **Rural development:** support to assess the contribution from forestry measures to forest area development and sustainable forest management.
- **Environment:** contribute to assess the implementation of the targets of the Biodiversity strategy and other relevant environmental legislation and to monitor the progress.

- **Forest reproductive material and forest health:** Programmes for conservation and improvement of genetic resources and monitoring of tree species composition and type of forest reproductive material for reforestation/afforestation, forest health and of pests causing forest damage.
- **Energy and climate change:** in the framework of the Climate Change and Energy 2030 package and in particular the new renewables target of 27% - much of which will be fulfilled from woody biomass, identification of a set of workable and demonstrable EU-wide SFM indicators at the appropriate level to demonstrate the sustainability of forest management in the context of a post-2020 EU climate and energy policy framework. Identification of the sustainable levels and trends of biomass for carbon sequestration, carbon stocks and biomass and evaluation of adaption to climate change of EU forests.
- **The Bio-economy and the forest based industries:** identification of approaches and tools to provide sustainability assurance for forest-based biomass and its derived products along their respective value chains.

Further details are included in the non-paper prepared by the Commission services included in Annex 11 of the report

## 4.2. Indicators relevant to monitor the 2020 Forest objectives of the Strategy

The 2020 Forest Objectives of the new EU Forest Strategy are "to ensure and demonstrate that all forests in the EU are managed according to sustainable forest management principles and that the EU's contribution to promoting sustainable forest management and reducing deforestation at global level is strengthened, thus:

- contributing to balancing various forest functions, meeting demands, and delivering vital ecosystem services;
- providing a basis for forestry and the whole forest-based value chain to be competitive and viable contributors to the bio-based economy."

The majority of the members of the WG also considered that FOREST EUROPE (FE) C&I provide a good basis for monitoring the 2020 objectives of the EU Forest Strategy. FE C&I are well established, embedded within MS forestry policies, and present the coherent approach towards the SFM. The idea of having a sub-set of key indicators – principally for the purposes of communicating a straightforward concept of sustainable forest management, was also supported – see below. Thus, most considered that the best way to assess the 2020 forest objectives is to refer to the FOREST EUROPE C&I. It was however stated by one stakeholder during the debates, that the FE C&I in many cases are not referring to thresholds or targets that SFM is assessed against.

FE C&I are only part of the picture in terms of monitoring progress of the EU Forest Strategy, and that the EU Forest Strategy multi-annual implementation plan (Forest MAP) should also be used for this purpose. It is recommended that the Standing Forestry Committee, within the framework of the implementation of the Forest Strategy every 5 years undertakes a qualitative overview of the EU 2020 forest objectives, addressing their evolution and trends. The WG particularly highlighted the State of Europe's Forest and FAO's Global Forest Resource Assessment as relevant existing points for such an exercise in order to provide added value to, and build on existing international reporting. On a voluntary basis, Member States could provide further information about their national circumstances to stimulate co-operation in the achievement of SFM.

### 4.3. Key indicators, suitable for the general reflection of the sustainable management of forests in the different EU Member States

The full set of FE C&I provide a comprehensive way of assessing sustainable forest management. Member States have comprehensive legislative frameworks combined with soft-law mechanisms and voluntary mechanisms (see chapter 3.1) that service this need.

However the idea of sub-set of key indicators was thought to be relevant, in particular for communication purposes. Having a list of key indicators, does not imply that other not mentioned/unmentioned FE C&I should not be used and reported on. A simplified set has the advantage of simplicity in being able to explain and communicate the concept of SFM to the public at large. However the Working Group stressed that the full set of indicators is required to address SFM fully.

This work is to be based, whenever possible, on existing extensive FOREST EUROPE C&I set. However, as a recent study<sup>8</sup> shows, it is a large set, and not all indicators rely on a consistent and reliable approach to data collection. Thus data availability should also be considered in the selection.

A number of studies and presentations on data availability for the different indicators were analysed by the Working Group (see annex 4).

Most Member States identified a list of 5-10 key indicators suitable for the general reflection of SFM, and through the working group all agreed to the idea presented in Table 3, to use an interim list of key indicators for communication purposes. It should be mentioned that three Member States did not provide information to this question as they considered that it should be addressed in the framework of FOREST EUROPE. One Member State explained the issues of key indicators would be further consulted upon in the framework of the National Forest programme. Further to the discussion in the Working Group, those countries recognised the willingness of others to use of key indicators for communication purposes.

The list below includes the key indicators proposed by at least two Member States:

INDICATOR	Corresponding FOREST EUROPE	Nº of answers
Forest area	1.1.	16
Forest damage	2.4	14
Increment and felling	3.1	14
Growing stock	1.2	10
Protected areas / forests	4.9	10
Species composition	4.1	9
Protective forests - soil, water and other ecosystem functions	5.1	9
Age structure and diameter distribution	1.3	7
Forests under management plans or equivalent	3.5	7
Regeneration	4.2	7
Socio-economic indicators (profit, costs, earnings, employment)	6.3, 6.5, 6.8, 6.9	7
Carbon stock	1.4	6

<sup>8</sup> EFI, 2013. Implementing Criteria and Indicators for Sustainable Forest Management in Europe.

Contribution of forest sector to GDP	6.2	6
Naturalness	4.3	6
Genetic resources	4.6	5
Deadwood	4.5	4
Energy from wood resources	6.9	4
Soil condition	2.2	4
Trade in wood	6.8	4
Wood and non-wood products	3.2 and 3.3	4
Wood consumption	6.7	3
Accessibility for recreation	6.10	2
Defoliation	2.3	2
Indicator on desertification		2
Introduced tree species	4.4	2
Protective forests - infrastructure and managed natural resources	5.2	2
Timber market indicators	6.8	2

Table 1. Key indicators proposed by at least two Member States

Other indicators suggested by just one Member State are afforestation, area of forest and other wooded land used for hunting or grazing, area of unmanaged forests, areas with limitations for some functions, cultural and spiritual values, deposition of air pollutant, expenditures for services, forest area not available for timber production, forest fires, forest services, government expenditures for forest services, national forest programmes, net revenue, number of and budget of development cooperation project with focus on SFM, offer and number of participants in events conducted by certified forest educators, training and research, soil erosion, threatened forest species, topography pattern and use of residues for biofuel.

Most experts from stakeholder groups also provided a proposal. The key indicators suggested by at least two stakeholder groups are the following:

Indicator	Corresponding FOREST EUROPE	Nº of stakeholder groups
Forest area	1.1	4
Carbon stock	1.4	3
Deadwood	4.5	3
Forest sector workforce	6.5	3
Increment and fellings	3.1	3
Protected forests	4.9	3
Tree species composition	4.1	3
Wood consumption	6.7	3
Age, structure and diameter distribution	1.3	2
Forests under management plans	3.5	2
Growing stocks	1.2	2
Protective forests - soil, water and other ecosystem functions	5.1	2

Table 2. Key indicators proposed by at least two stakeholder groups

Other indicators suggested by just one stakeholder group are accessibility for recreation, contribution of forests to GDP, cultural and spiritual values, energy from wood resources, forest damage, naturalness, net revenue, non-wood goods, progress towards Aichi target and protective forests. One of the stakeholders also argued that in relation to protective forests, possible indicators

for benchmarking were mentioned: state of hydrology of forest soils, minimal use of chemicals and fertilizer, limited direct sunlight on forest floor. In relation to cultural and spiritual values, possible indicators for benchmarking were mentioned by one stakeholder group: stakeholder consultations with local communities; respecting traditional and indigenous land use rights.

Based on the inputs from Member States and stakeholders and taking into account the discussion that took place in the framework of the working group and, in particular:

- the need to address in a balanced way the three pillars of SFM;
- trying to refer, whenever possible, to existing indicators for which countries are already reporting;
- identifying if there are some indicators not covered under FOREST EUROPE but relevant for some EU policies (i.e. linked to Natura 2000);
- and taking into account the ongoing review process in the framework of FOREST EUROPE,

The WG proposed the following interim list of key indicators to be used for communication purposes:

<b>HORIZONTAL (ec-env-soc)</b>	<ul style="list-style-type: none"> <li>- Forest area (1.1)</li> <li>- Growing stock (1.2)</li> <li>- Increment and fellings (3.1)</li> <li>- Forests under management plan or equivalent instruments (3.5)</li> <li>- Protective forests (5.1 and 5.2)</li> </ul>
<b>ENVIRONMENTAL</b>	<ul style="list-style-type: none"> <li>- Forest damage (2.4)</li> <li>- Carbon stock (1.4)</li> <li>- Protected forests (4.9)</li> <li>- Deadwood (4.5)</li> <li>- Tree species composition (4.1)</li> </ul>
<b>SOCIO-ECONOMIC</b>	<ul style="list-style-type: none"> <li>- Net revenue (6.3)</li> <li>- Workforce (6.5)</li> <li>- Bioenergy production (6.9)</li> <li>- Wood consumption (6.7)</li> <li>- Trade in wood (6.8)</li> </ul>

*Table 3. Interim list of key indicators proposed by the Working Group to be used for communication purposes*

The working group took note that Forest Europe was doing work on a sub-set of indicators and decided to recommend the above set as an interim suggestion, subject to further discussions. The majority of experts of the Working Group also recommended that Member States follow the trends at national and regional level.

## **5. Approaches and tools to demonstrate sustainable forest management**

Further to the presentations from the members of the Working Group on the systems in place to ensure and demonstrate sustainable forest management, a number of possible approaches and tools to provide sustainability assurance on forests and their products were identified. Options ranged from Member States assurances and its means of evidence, such as legal and regulatory frameworks, public records and /or databases and market-based certification instruments (3rd party verification), or other means of proof such as forest management plans or equivalent instruments. A risk-based approach could make use of all these existing tools, essentially matching the level of assurance and evidence required to the degree of risk associated with the source and nature of the forest and forest products.

The following section discusses possible approaches and their pros and cons.:

## **5.1. National legislation**

### **5.1.1. National forest policy and legislation**

MS have a significant tradition of adoption, revision and implementation of national forest policies, including specific forest laws. In a number of Member States, competence of forest-related policies is also shared with the Regions. While forest policy is primarily a Member State competence, there are several aspects of shared competence where EU legislation (i.e. rural development, environment, climate, energy, plant health, state aid...) has an impact on forestry and forest use.

Despite the differences in forest cover and national conditions, diversity of forest ecosystems and their management methods, the background to MS national legislation for forests is based on a 'basket' of legislation, including specific forest legislation plus a range of other legislation affecting forests. This includes provisions on environment, energy, information, educational efforts, guidance and support including user-friendly web applications, and access to and cross-check via extensive GIS data bases from forest and other authorities complement the official regulatory frameworks.

All forest laws presented in the Working Group refer to sustainable forest management as their core objective. The provisions and requirements related to forest management (i.e. regeneration, felling licences, area for clear cuts, forest management plans or equivalent instruments, inventory, protection measures, etc.) are different between the MS and, in some cases, the provisions for private or public forests differ. Due to the differences that exist between the forests as well as the administrative systems of the MS, national forest laws and regulations have different approaches and verification tools.

Results of the 1<sup>st</sup> Questionnaire, on the question of kinds of systems Member States have in place to ensure SFM, showed that Member States are ensuring the delivery of SFM through different frameworks, like legislation or national forest programmes, etc. where in some cases they also introduce additional requirements, like management plans, permission for felling, etc. These frameworks, which are in some cases administrated on a subnational or regional level, allow MS to define national SFM objectives, which differ from more general to more specific ones reflecting varying national conditions, priorities and governance structures.

### **5.1.2. National forest bioenergy requirements**

Among the different uses of forest biomass, woody biomass for renewable energy has been subject to some type of specific regulation requiring evidence of sustainability in some Member States (i.e. Belgium, Hungary, the Netherlands and the UK), pursuant to the adoption of the Renewables Energy Directive<sup>9</sup>, while in other Member States, woody biomass for bio-energy production is procured according to national forest legislation as wood for non-energy purposes.

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<sup>9</sup> Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources

In the case of UK, legislation has been enacted and guidance published on the sustainability requirements for woody biomass to qualify for use as renewable energy. The sustainability requirements are based on internationally accepted definitions of sustainable forest management and means of providing evidence. The approach is somewhat similar to the requirements of the EU Timber Regulation in that a “due diligence” system is required of those generating heat or electricity. The system must assess the risk, and then show that commensurate assurances can be provided using appropriate evidence that includes all the available forms of evidence listed above. Of these, internationally recognised certification schemes<sup>10</sup>, are considered as one of the principle forms of evidence. For domestic wood, the UK Forestry Standard (UKFS) is in place which ensures the Forest Europe C&I and other international obligations are implemented through the national regulatory systems and as a condition of providing any support for forestry, including EU Rural Development funding. Thus approved forest plans are required where forests are not independently certified.

The Netherlands have adopted a comprehensive set of sustainability criteria that go beyond internationally accepted definitions of SFM, addressing, amongst others, impacts on forest carbon stocks, carbon debt (e.g. excluding stumps) and on indirect land use change (ILUC). These criteria will be used as prerequisite for obtaining subsidy for the large scale use of (imported) wood pellets. In the Netherlands power plants use wood pellets or the production of renewable energy by co-firing.

The Danish energy industry has published a voluntary agreement with national sustainability criteria for woody biomass. The agreement was strongly encouraged by the Danish Minister on Climate, Energy and Building. The Danish sustainability criteria are following the recommendations from the Commission staff working document from 2014 (SWD 2014 259) and is also inspired by the legislation in the UK. Alignment with the criteria used in the Danish national rules on ensuring procurement of sustainable wood in state contracts has also been striven for.

A number of countries have also introduced regulations aimed at addressing potential competition with existing biomass uses. In Belgium, for example, woody feedstocks suitable for the wood-processing industry are not eligible for the Flemish Green Power Certificates. Poland has adopted a policy on "full value wood", increasingly excluding the use of stem wood (with a diameter above a certain size) from being eligible for national financial incentives for renewables. Yet other MS have already decades removed regulations aimed at the economizing of the valuable wood fibre supply because their experience have shown such legislation have market-distorting effects. For example Sweden evaluated and consequently abolished The Wood Fiber Law (*Träfiberlagen 1987:588*) in the early 90s.

A number of Member States, utilities providers, and biomass traders raised concerns that divergent national sustainability rules may become a barrier to international and intra-EU trade in solid biomass fuels such as wood chips or pellets, and therefore make it more difficult or costly to meet increasing demand for biomass use in electricity and heating/cooling. In a recent assessment (European Commission, 2014<sup>11</sup>), it was considered that the requirements of those Member States

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<sup>10</sup> In scope of this WG definition of "International bodies" from the Procurement Directives (2004/17/EC and 2004/18/EC) is applied for internationally recognised certification schemes.

<sup>11</sup> European Commission, 2014. COMMISSION STAFF WORKING DOCUMENT SWD(2014) 259 final on the State of play on the sustainability of solid and gaseous biomass used for electricity, heating and cooling in the EU.

with significant trade in biomass for heat and power production (both international and intra EU) do not diverge significantly. Under the Technical Standards Directive<sup>12</sup> (TSD), national authorities are required to notify to the Commission and to other Member States their draft sustainability schemes applying to biomass to ensure that national regulations do not constitute an unjustified barrier to international and intra-EU biomass trade and create more coherence within the EU.

### **5.1.3. National Public Procurement Policies for Sustainable wood**

Governments are increasingly using public procurement policies to promote the use of legal and/or sustainable wood, thereby encouraging sustainable forest management. To this end a number of EU countries have adopted mandatory sustainability requirements for wood purchased by the state and/or used on state property, whilst similar approaches are also encouraged for uptake by local governments as well. Although varying in terms of product scope and design, including on the exact definition of “sustainable wood”, a core element is that for a range of timber product types it is required that the supplier must be able to demonstrate – and if needed and required also provide independent verification - that wood supplied for a given contract is sustainable. Where such policies are in place, it would be logical to ensure that public procurement requirements and wider policy requirements for the sustainability for wood and wood-based products were consistent. The scope and status of national public procurement policies was analysed and presented in a report of a SFC Ad Hoc working group in 2010<sup>13</sup>. A recent update was provided by Chatham House in 2014<sup>14</sup>.

## **5.2. EU legislation**

The Working Group looked and discussed a number of EU legal acts that address forest sustainability issues. The working group agreed that any approach to be followed within the EU, would also need to be applicable for imported wood. The difference in structures and challenges related to forest management outside the EU represents a challenge. The questionnaires sent out, did not specify the difference in challenges between nationally produced and imported timber. It was considered important to ensure that recommendations were compatible with the rules set by the World Trade Organisation (e.g. "equal treatment principle").

The WG in more detail addressed the importance and impacts of the following legislation. The details of such legislation are provided in Annex 10 and a summary is set out here:

### **EU Timber Regulation**

This Regulation is based on the 'due diligence' concept according to which operators undertake a risk management exercise so as to minimise the risk of placing on the market of illegally harvested wood

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<sup>12</sup> Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations 98

<sup>13</sup> Public procurement of wood and wood-based products, Report to the Standing Forestry Committee by the Standing Forestry Committee Ad Hoc Working Group IV on Public Procurement of Wood and Wood-based Products, November 2010

<sup>14</sup> Promoting Legal and Sustainable Timber: Using Public Procurement Policy, Chatham House, September 2014

or wood-based products derived from such timber. The scope of EUTR includes energy wood and it is applied to domestic as well as products imported from third countries

Although this Regulation does not make it mandatory to supply “sustainably harvested”, it does embrace aspects of sustainability as the list of applicable legislation to be considered includes reference to a broad range of laws that are important for a comprehensive approach to sustainable forest management (i.e. wood harvesting, including environmental and forest legislation including forest management and biodiversity conservation, where directly related to timber harvesting). A review of the EU Timber Regulation is being undertaken in 2015.

### **EU Rural Development Regulation**

Forestry is an integral part of rural development. The Rural Development Regulation (EU RDR) underlines that support for sustainable and climate friendly land use should include forest development and sustainable management of forests. In order to ensure that the forestry measures contribute to the EU policy objectives, for holdings above certain size, to be determined by the Member States in the Rural development programme, support shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument. The EU RDR are considered as a robust system that is already in place to ensure that forests within the EU that receive any form of RDP funding, are managed in a sustainable way.

### **EU Nature Legislation**

An important and fundamental criterion for sustainable forest management in the EU is the respect of the EU nature legislation, including the Natura 2000 provisions. The Birds and Habitats Directives are the two main underlying pieces of legislation. The Birds Directive protects all of Europe's wild birds, while Habitat Directive ensures the conservation of rare, threatened or endemic species and rare and characteristic habitat types. The Habitats Directive also establishes Natura 2000 sites which aims to assure the long-term survival of Europe's most valuable and threatened species and habitats. Active management of forests in Natura 2000 sites is principally possible – and in specific cases even needed – but it must respect any of the site-specific conservation objectives. The conservation status of forest species and habitats of Community interests' is a key indicator monitored under Article 17 of the Habitats Directive.

### **7<sup>th</sup> Environmental Action Programme**

The Programme highlights the importance of forests for maintaining natural resources, especially good quality water and soil as well as biodiversity and diverse cultural landscapes. It aims to "halting global forest covers loss by 2030" and more specifically the programme "shall ensure that by 2020 (...) forest management is sustainable, and forests, their biodiversity and the services they provide are protected and, as far as feasible enhanced and the resilience of forests to climate change, fires, storms, pests and diseases is improved".

### **Renewable Energy Directive**

The EU Renewable Energy Directive (RED) establishes an overall policy for the production and promotion of energy from renewable sources in the EU. It requires the EU to fulfil at least 20% of its total energy needs with renewables by 2020, and by 2030 the target will be 27%. Solid and gaseous

biomass – particularly wood and wood waste – used for electricity generation, heating and cooling production is the biggest source of renewable energy in the EU, providing over half, and it is expected to continue to make a key contribution to the 20% EU renewable energy targets by 2020. Biomass demand is projected to further increase to 2030, and this is projected to be increasingly met by imports. The EU RED lays down mandatory sustainability criteria for biofuels for transport and bioliquids. Therefore, wood used for biofuels should fulfil these criteria. However, RED does not include sustainability criteria for solid and gaseous biomass used for electricity, heating and cooling.

### **EU Emissions Trading Directive and implementing provisions**

The EU Emissions Trading Directive (EU ETS) includes requirement that the emission factor for biomass shall be zero. The Monitoring and Reporting Regulation (MRR) contributing to implementation of EU ETS contains specific requirements related to the treatment of biomass for the accounting of emissions. This includes definitions of biomass, biofuels and bioliquids that are consistent with the EU Renewable Energy Directive (RED). Sustainability criteria do apply to biofuels and bioliquids. If these criteria are not met then the biofuels and bioliquids concerned no longer meet the MRR definition of biomass and are treated as fossil fuel sources. Where the status cannot be confirmed to the satisfaction of the relevant competent authority the biofuel must be treated as a fossil fuel source stream and all released CO<sub>2</sub> emissions from combustion are accounted for.

### **LULUCF Decision**

The EU LULUCF Decision sets the accounting rules applicable to greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry pre2020. The land use, land-use change and forestry ('LULUCF') sector in the Union is a net sink that removes from the atmosphere an amount of greenhouse gases that is equivalent to a significant share of total Union emissions of greenhouse gases. The increased sustainable use of harvested wood products can substantially limit emissions into and enhance removals of greenhouse gases from the atmosphere. Member States provide information on their current and future LULUCF actions.

### **EU Plant Health and Forest Reproductive Material Directives**

Directive 1999/105EC addresses the marketing of forest reproductive material and also considers forest genetic resources and biodiversity conservation aspects. Directive 2000/29/EC on Plant Health recognises the vital function of forests and establishes measures to protect forests against harmful organisms. The implementation of the legislation contributes to SFM through the mapping of tree species composition at national level, survey of forests' health and financing of national monitoring programs.

### **EU Public Procurement Directives**

For promoting the use of sustainable timber in public contracts EU procurement Directives sets a legal basis and establishes conditions for economic operators to compete for public contracts. Although the procurement directive does not in themselves oblige any public entity to demand legal and / or sustainable timber, they do provide a number of provisions on how to do this if so wished.

## 5.3. Voluntary instruments

### 5.3.1. Certification of forest management

Forest certification is a voluntary process based on a forest-level audit conducted by an independent third party who issues a written statement or certificate recording that forest management in a management unit is done according to the standards of the scheme, considering ecological, economic and social aspects. These national standards include the laws in a given country together with the requirements set by the certification scheme. The principal objective of certification is to communicate assurance that forest management is sustainable, including in the context of marketing wood. If linked to the so-called "chain of custody" (i.e. value chain), it can also help achieve or retain market access for wood-based products from certified forests. It should be noted that all wood, including from non-certified forests entering the PEFC or FSC Chain or Custody is controlled. Indirectly, forest owners acting on a specific market demand may be encouraged to adapt or improve their forest management in order to obtain certification. Given the option of certification, consumers can express their preferences for sustainable management through their choice of products. Thus, users of the process also aim to change consumer preferences by identifying sustainable goods.

At present, forest certification is a consolidated instrument with its own governance structure. Looking at the number of hectares certified and products carrying a logo of certification, one can see that certification has spread, year after year. At global level, the area certified by the two main voluntary forest management certification systems (PEFC and FSC) cover 449 million ha of forest (185 million ha under FSC and 264 million ha under PEFC), which represents around 10% of the forest world area. In the EU around 50% of forests and other wooded land are certified by FSC and / or PEFC, although there are large differences between countries. In some Member State there is also dual-certification under both schemes in parallel.

### 5.3.2. Other voluntary initiatives to address the sustainability of biomass for energy purposes

It should be noted the emergence of a number of voluntary, often industry-led initiatives addressing the sustainability of biomass used for heating and power generation. Few examples are presented below:

**Sustainable Biomass Partnership<sup>15</sup> (SBP)** is an industry-led initiative formed in 2013 by major European utilities that use biomass, mostly in the form of wood pellets, in large thermal power plants. SBP has developed a harmonised sustainability standard and plans. The standard and plans have been tested on the ground through pilot projects with a view to make the scheme fully operation in 2015. SBP's immediate priority is to develop standards and processes allowing companies in the biomass sector to demonstrate compliance with legal, regulatory and sustainability requirements relating to woody biomass. Wherever possible, use is made of the FSC and PEFC standards and processes already applied to other forest product streams.

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<sup>15</sup> <http://www.sustainablebiomasspartnership.org/>

**NTA8080** is the international standard of sustainability criteria for solid, liquid and gaseous biomass according to the Netherlands Technical Agreement (NTA) 8080. This voluntary agreement is set up by a stakeholder panel representing market players, government and civil society organisations, under the supervision of NEN (Nederland's Normalisatie Instituut). Sustainability criteria address CO<sub>2</sub>, biodiversity and working conditions. The NTA 8080 certificate indicates that the biomass companies produce, trade or process biomass comply with international sustainability criteria<sup>16</sup>.

**CEN/TC 383** for sustainably produced biomass for energy applications –work ongoing.

Further information available at:

[http://standards.cen.eu/dyn/www/f?p=204:7:0::::FSP\\_ORG\\_ID:648007&cs=1982A0D5C34BE492340A89EBA0E159CEE](http://standards.cen.eu/dyn/www/f?p=204:7:0::::FSP_ORG_ID:648007&cs=1982A0D5C34BE492340A89EBA0E159CEE)

**CEN/TC 411** The scope of CEN/TC is: i. Development of standards for bio-based products covering horizontal aspects. This includes consistent terminology, sampling, certification tools, bio-based content, application of and correlation towards life-cycle analysis, sustainability criteria for biomass used and for final products, and aspects where further harmonization is needed on horizontal level; ii. Development of standards for bio-solvents, covering product functionality, biodegradability and, if necessary, product specific aspects not covered under i. – work ongoing.

Further information available at:

[http://standards.cen.eu/dyn/www/f?p=204:7:0::::FSP\\_ORG\\_ID:874780&cs=112703B035FC937E906D8EFA5DA87FAB8](http://standards.cen.eu/dyn/www/f?p=204:7:0::::FSP_ORG_ID:874780&cs=112703B035FC937E906D8EFA5DA87FAB8)

**ISO 13065** is the standard sustainability criteria for bioenergy. –work ongoing. Further information available at: [http://www.iso.org/iso/catalogue\\_detail.htm?csnumber=52528](http://www.iso.org/iso/catalogue_detail.htm?csnumber=52528)

## 5.4. Risk based approaches to evidence requirements

Based on the UK example the concept of a risk-based approach was explored. In the context of this paper the risk-based approach entails the use of a structured framework, or basket of existing measures and processes, which can be evaluated to assess whether there is an overall acceptable level of risk associated with SFM within the chosen area of interest.

This approach is deemed as inherently flexible as it is considered to be applicable to many different situations and policy needs. The goal is to minimise the risk of unsustainable forest management occurring in the supply chain of wood and wood-based products used in the EU. Although non-statutory, the approach is similar to the systemic, risk-based approach, of the Timber Regulation. Using such an approach the users of biomass would be able to manage the risk to a negligible level for the purpose of providing sustainability assurances.

Mechanisms to assess the risk could refer to the existence and enforcement of an existing legal regulatory framework – which has among its principles sustainable forest management, and/or a

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<sup>16</sup> <http://www.sustainable-biomass.org/publicaties/3906>

number of instruments for which evidence could be checked by relevant authorities. These instruments could include felling licences, regeneration proofing, forest management plans or equivalent instruments, country indices of governance, forest certification, implementation of the EUTR etc. This approach puts emphasis on cost-effective use of existing tools and could thus encompass evidence from management unit, regional, national and/or at EU levels.

The appropriate burden of evidence and detail of evidence would depend fundamentally on the risk-profile of the material in question. For example; in a region or country where it can be demonstrated that there is a commitment to SFM conforming to an internally recognised definition, good governance, a demonstrably low level of illegal logging, good regulatory systems, and a reliable forest inventory, the level of evidence will normally be low, (or at a more extensive scale) with a lower burden of proof such as percentage audit system. There will also be a low burden of proof where a recognised certification scheme<sup>17</sup> is in place, or a similar third party auditing scheme. In contrast, where none of these assurances are in place, a much higher level of evidence might be required which might entail going down to the forest management unit level, as a last option

Currently a number of countries are working on such an approach. The UK Government, for example, has made compliance with evidence requirements a mandatory condition of renewable incentives for heat and electricity from 2015. To assist implementation, detailed guidance has been developed, using the concept of a risk-based approach. For domestic wood, the existence of the UK Forestry Standard, extensive forest certification and a very low incidence of illegal logging are principle elements of the risk based approach. An industry-led development is also possible, as part of private sector's Corporate Social Responsibility policies.

## **5.5. Analysis of the different options**

To address the third and last step of the Mandate, the Working Group examined and expressed views on approaches and tools to provide sustainable assurance to forests and their products, including forest biomass, irrespective of the end use. To gather information the Working Group sent the Questionnaire to members of the Standing Forestry Committee and stakeholders in the group. This questionnaire was enquiring on the most appropriate level and approach to demonstrate SFM of forests and their products. Discussions in the Working Group were divided into two parts, with first part looking at the most appropriate level and second part looking into the most appropriate approach to demonstrate SFM of forests and their products. For each part a presentation of the summary of the results was made (full results are available in Annex 9 to this Report). Results were merged into pros and cons of each level and approach, which then served as basis for further discussions in the Working Group meetings.

### **5.5.1 Appropriate level to demonstrate SFM of forest and their products**

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<sup>17</sup> Recognised bodies', are test and calibration laboratories, and certification and inspection bodies which comply with applicable European standards (2004/17/EC)

The Working Group looked at different levels, such as management unit level, national level or EU level, analysed and discussed the responses presented in detail and considered which level could be the most appropriate to demonstrate SFM.

It was stressed by many that national level is the most appropriate level to demonstrate SFM of forests. In addition some members indicated that it can be necessary to demonstrate SFM on all levels (EU level, national level and management unit level), depending on who to demonstrate it to.

The Working Group noted that not all criteria may be assessed, or the results of such assessment may be inconsistent or unreliable, if gathered and interpreted on different levels. Depending on the purpose for which evidence of SFM is required, all levels could be appropriate, i.e. management unit level (e.g. traceability of products in procurement policy), national level (e.g. ensuring that differences in forests are taken into account, collection and processing of data), and EU level (e.g. level playing field, sub-set of indicators for communication)<sup>18</sup>. Some experts expressed that for bioenergy, apart of the SFM, there are also other issues that would need to be considered in a sustainability scheme. This can be exemplified by the Dutch standards for bioenergy, which include sustainability issues such as carbon debt (e.g. prohibition of stump use), which are specific for biomass use for energy.

Some members considered that for demonstration of sustainably produced timber (including biomass for energy), a more detailed level be needed, i.e. forest management unit level, where appropriate in combination with the national level. This could also help demand side measures to act in support of and compliance with already established tools in the market place for promoting sustainably produced timber and forest biomass for energy, notably through certification systems. However, management units can be small and variable, which can prevent the application of all criteria and indicators on each unit, as all objectives may not apply to every unit at all times. Monitoring and reporting, may therefore be harder and less technically feasible, or will require considerable administrative and financial effort.

As many EU objectives, such as those on climate change mitigation for example, cannot be broken down on FMU level, then most respondents highlighted the aggregated, national level as the most policy-relevant to use as a back-drop for the demonstration of comprehensive set of SFM criteria.

### **5.5.2. Appropriate approach to demonstrate SFM of forest and their products**

It needs to be stated that there were rather differing views on the subject expressed by the different members of the expert working group. The Working Group analysed and discussed all approaches, and through discussions it was clear that for most, but not all countries, preferential approach to demonstrate SFM is national legislation. Some experts noted that the aim of demonstrating SFM should be made clear first before assessing at which level this was needed and hence which approach to be sought. E.g. to prove SFM for procurement policies local level or FMU level assessment rather than national level assessment might be needed, depending on national

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<sup>18</sup> This will further enhance the scope for appropriate evidence, depending on the relevant policies, different levels may provide information and feed into various processes related to forests and their products, including biomass, irrespective of the end use.

circumstances. In most cases a combination with some or all other approaches (national, local, and EU level) to demonstrate elements of SFM is required, depending on purpose.

The overall reason and demand for the work of this Working Group was from the point of view of 'ensuring and *demonstrating*' SFM.

As shown in the report, SFM can be both ensured and demonstrated at different levels, e.g. a given forest / forest region / forests in a certain country/ across the EU.

#### Ensuring

- EU level; by a range of forest-related legislation.
- National level; by national legislation (forest and other), guidelines, best practice, and general forest governance and implementation and enforcement of existing EU legislation.
- Forest Management Unit (FMU) level by practical implementation of legislation, FMPs or equivalent instruments, Forest Authority outreach and advice, education.

#### Demonstrating

- EU level – no current system in place, but demand is emerging from a number of sectors, e.g. bioenergy, bioeconomy and climate, for the development of forest management / woody biomass sustainability criteria / standards.
- National level – national legislation, reporting of SFM C&I (FOREST EUROPE in the pan-European zone, or another such as the Montreal Process in North America), plus evidence from other national sources.
- FMU level – certification (market based – i.e. demanded by users).

Most members of the WG were against new legislation in forestry related area in general, and against an expansion of the EU Timber Regulation in particular, when addressing demonstration of sustainability. However, where an operator or government procurer is required to demonstrate sustainability (i.e. clearly show it, by means of proof or evidence), then a risk-based approach adequately reflecting different types of evidence from the different levels corresponding to the risk of lack of SFM identified whenever possible making use of existing information, is a possibility. Thus if the national situation is deemed low risk, then a lighter touch in terms of further confirmation would be required. Whereas a higher risk estimated at the national level would then require further evidence, e.g. market-based instruments, such as certification, or equivalent. This approach would accommodate material received from third countries as well as from within the EU.

Forest products that demonstrably come from forests that are managed accordingly to forest and other relevant domestic legislation should be classified as legal. Wherever needed additional information or voluntary market-based instruments, such as forest certification, for example, can be utilised to demonstrate compliance with SFM.

On imported products from third countries all available tools, such as existing EU legislation (FLEGT), risk-based approach, such as EUTR with due-diligence, and market-based instruments, such as

certification, could contribute to demonstrating SFM. Where the exporting country has sustainability (with a recognised definition) built into legislation, good governance and low risk of illegal activities, then the level of evidence required should be appropriate. The approach should be flexible, in order to avoid putting additional burden of administration or putting forest products at disadvantaged position compared to other materials.