

Questions and answers on deforestation and forest degradation

1) What is deforestation and forest degradation?

Deforestation refers to the destruction and conversion of forest land to other land uses usually considered more profitable. Forest degradation is used to mean the destruction of specific aspects of forests such as a decrease in tree cover, changes in their structure or a reduction in the number of species that can be found there.

2) What is the extent of the problem?

Forests cover roughly 30% of the world's land area. According to the United Nations Food and Agricultural Organisation (FAO), the annual rate of deforestation is about 13 million hectares per year (approximately the size of Greece). Three percent of the earth's forest cover was lost between 1990 and 2005 and there has been no significant decrease in the rate of deforestation over the past 20 years. Some 96% of deforestation occurs in tropical regions.

3) Is deforestation and forest degradation occurring within the EU?

Intensive deforestation has occurred over much of Europe at different times in its history. Today the phenomenon is marginal and restricted to only a few regions. A reforestation trend is actually occurring in many EU Member States as a direct result of tree planting and the natural tree growth on formerly cultivated land. Forest degradation usually occurs as a result of frequent fires (mostly caused by humans and recurring often in the Mediterranean region), excessive grazing and poor forest management. The EU priorities to address this problem are the need for wildfire control measures, the promotion of sustainable forest management and biodiversity conservation.

4) What are the causes of deforestation and forest degradation?

Deforestation can occur as a result of direct and indirect economic, institutional, political, natural or social factors. Their importance varies among countries and regions, within countries themselves and can change over time. The causes of deforestation often originate outside the forestry sector, thus making it challenging to find a global solution.

Some of the main direct causes include changes in land uses for agricultural purposes, mining, and infrastructure development. Indirect causes include institutional and governance weakness, such as the unclear definition of land tenure and property rights, weak law enforcement capacity, incentives to convert forest land to other uses, and insufficient human resources to monitor forests. The underlying cause of governance failure is that the benefits derived from forest conservation and sustainable forest management are often not marketable, and have no commercial value.

Unsustainable and illegal logging can contribute to deforestation and forest degradation. This is the reason why the Commission is proposing a new Regulation to address the trade in illegally harvested timber in the EU.

5) What are the negative impacts of deforestation?

The negative impact of deforestation can be felt in economic terms, but also in the environment and society in general, especially on climate, biodiversity and poverty. The total amount of deforestation throughout the world contributes to climate change since it is responsible for 20% of global carbon dioxide emissions, more than total EU greenhouse gas emissions. It also causes biodiversity loss, flooding and soil degradation and increases the likelihood of natural hazards – storms, floods, and extreme fluctuations in weather. Deforestation threatens the livelihoods and cultural integrity of people that depend on forests and it undermines the availability of timber and non-timber forest products for future generations.

6) Why is the European Commission proposing an initiative to combat deforestation?

The European Union and its Member States have supported policies on conservation and sustainable management of global forest resources for many years. Forest conservation has been a priority on the international political agenda for the past two decades and the EU has actively participated in all past and on-going international processes to combat deforestation.

In December 2007, policy approaches to reduce deforestation and forest degradation in developing countries were included in the Bali Action Plan, which launched a two-year negotiating process on the future international regime to tackle climate change. This provides a unique opportunity to address the deforestation challenge.

7) What does the EU propose should be done internationally to address deforestation?

Meeting the EU's objective of limiting climate change to 2°C above pre-industrial levels will require a cut of global emissions by at least 50% below 1990 levels by 2050. Such a reduction is impossible without substantial action to combat deforestation. In the Communication, the Commission proposes that at the UNFCCC (United Nations Framework Convention on Climate Change) negotiations on the future climate regime the EU calls for halting global forest cover loss by 2030 at the latest and reducing gross tropical deforestation by at least 50% by 2020 from current levels. This objective would provide major climate change and biodiversity benefits by 2020.

8) What is the European Commission proposing?

The Commission proposes to work in the international negotiations on climate change towards the development of a Global Forest Carbon Mechanism. Simultaneously, the Communication identifies possible ways for the EU to contribute to such a mechanism. It also addresses policies that need to be reinforced in the fields of trade, energy, agriculture, food security and development cooperation in order to ensure a coherent policy response to address deforestation and forest degradation.

9) What is the Global Forest Carbon Mechanism?

The Global Forest Carbon Mechanism is a financial mechanism through which developing countries would be rewarded for emissions reductions achieved by taking action to reduce deforestation and forest degradation. This proposal intends to feed into the ongoing international negotiations on policy approaches to reduce deforestation and forest degradation in developing countries that were launched in December 2007 in the context of the Bali Action Plan. The Communication proposes key features for the architecture of such a mechanism, as well as possible ways for the EU to contribute to it. This proposal will have to be debated and further designed in the context of the international negotiations on climate change.

10) Where will the funds for the EU contribution to the proposed Global Forest Carbon Mechanism come from?

A major part of the EU contribution to the Global Forest Carbon Mechanism could come from proceeds of allowances auctioned in the EU Emissions Trading System (ETS). It is estimated that if 5% of auctioning revenue were made available to the Global Forest Carbon Mechanism (GFCM), this would raise €1.5 to 2.5 billion in 2020. These funds would complement and scale up traditional sources such as development aid, the Global Climate Change Alliance, and EU contributions to bilateral and multilateral sources of funding.

11) What does the Commission see as the way forward regarding deforestation and the carbon market?

The Commission is committed to building a global carbon market. The EU ETS is widely regarded as the most significant step towards such a global carbon market. One of the defining characteristics of the EU ETS is that it covers only emissions that can be monitored with sufficient accuracy.

The carbon market (beyond the EU ETS) is one option to contribute to combating deforestation. At this stage, however, there are still too many uncertainties regarding how the carbon market could work to effectively combat deforestation. National policies to reduce deforestation are likely to target a variety of stakeholders, land tenure rights are not always clear, yet these are key issues for accessing incentives and implementing measures to halt deforestation. In addition, many developing countries still lack appropriate monitoring systems and these need to be established.

The Commission therefore believes that in the short-term the carbon market can and should indirectly contribute to combating deforestation, namely through the use of auction revenue. Beyond 2012 auctioning will form the primary way in the EU ETS to bring allowances in circulation and auction revenue could provide a substantial source of funding.

In addition, the creation of (avoided) deforestation credits for government compliance could be considered, if developed countries take on ambitious mid-term emission reduction commitments and provided that robust solutions to methodological issues such as permanence and liability are found. To test the inclusion of deforestation credits for government compliance, a pilot phase should therefore be pursued in the framework of the Global Forest Carbon Mechanism.

Inclusion of forestry credits in the EU ETS should only be considered after a thorough review of the pilot phase and for the period after 2020.

12) Why does the Commission not propose to include forestry credits in the EU ETS earlier than 2020?

In the climate and energy package launched at the beginning of the year, the Commission has tabled a proposal for the review of the EU ETS which is currently under consideration in the Council and the Parliament. The impact assessment conducted in this context concludes that recognition of forestry credits in the EU ETS would not be realistic at present. Emissions from deforestation are roughly three times higher than the amount of emissions regulated under the EU ETS. As the EU ETS is currently the only major operational trading system in the world, allowing companies to buy avoided deforestation credits would result in serious imbalances between supply and demand in the scheme.

The question of liability is also unresolved. Existing forestry credits, which are currently restricted to afforestation and reforestation CDM (Clean Development Mechanism) projects, are temporary, and have to be replaced after a certain period. This means that if a company goes out of business, another body needs to take on this liability to guarantee environmental integrity.

13) Shouldn't the plantation of new forests be encouraged to compensate for deforestation?

In terms of environmental services, it is better to avoid deforestation than to cut down trees and reforest subsequently, as deforestation leads to some irreversible effects in terms of biodiversity loss and soil degradation. Old-growth natural forests store a huge amount of carbon, both in the trees and in the soils. When young forests are established on formerly deforested land, far more CO₂ is emitted into the atmosphere during the deforestation phase than the re-growth absorbs. While plantations of new forests on available land is a useful measure to combat climate change, halving gross tropical deforestation by 2020 will deliver the largest share of the environmental benefits.

14) Which countries are affected by the Communication?

The Communication addresses deforestation and forest degradation in developing countries, as agreed in the Bali Action Plan, within the context of the post-2012 climate change negotiations. This means that mainly tropical and subtropical forested ecosystems are targeted by this proposal. It should be kept in mind that 96% of the recent global deforestation has occurred – and is still occurring – in tropical regions, where 70% of the world's species are found. By targeting countries with tropical forests, the policy will address not only reduction of CO₂ emissions but also biodiversity conservation, which is crucial to support poverty reduction strategies at local and national level.

15) Who will be responsible for implementing the actions proposed in the Communication?

Responsibilities for actions on the ground to implement effective forest management and increase and maintain forested areas remain with the national and local authorities of the countries concerned, i.e. countries hosting tropical forest resources. However, developed and industrialised countries have a responsibility to ensure coherence in their policies. This includes addressing issues such as the impact of market demand for commodities such as palm oil on the current deforestation rate.

16) Can deforestation and forest degradation be monitored with sufficient accuracy?

Effective policies in this area depend on high quality information gathering and monitoring. Recent technological developments in data software, satellite and communications technology have made tools for forest monitoring cheaper and more accessible to national administrations and scientific institutions. Knowledge gaps do remain, however, and need to be addressed as a priority. The Commission is calling for a global response to deforestation which should also provide support for capacity building and access to new technologies where high quality national monitoring and verification systems need to be improved.

17) Is this Communication related to FLEGT?

The Commission's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, adopted in 2003, and this Communication are both intended to reduce deforestation. The FLEGT Action Plan does so by supporting legal and sustainable forest management through improved governance and the development of Voluntary Partnership Agreements with timber producing countries. The Communication looks into ways of developing an incentive mechanism to combat deforestation and forest degradation in the context of the post-2012 climate change negotiations. The measures are therefore complementary: without incentives it will be difficult for developing countries to halt deforestation and without effective institutions and improved governance, developing countries may face serious difficulties in accessing incentives and counteracting illegal logging.

18) Is this Communication related to the proposed Regulation to address illegal logging?

The proposed Regulation to address the trade in illegally harvested timber in the EU is part of the FLEGT Action plan and defines the obligations of EU traders in timber and timber products. When implemented, the Regulation will reduce the risk of illegally harvested timber being traded on the EU market and will thus help to achieve the Communication's overall objective of combating deforestation and forest degradation.

19) How much does it cost to protect forests at global level?

The Commission's impact assessment concludes that reducing gross tropical deforestation by 50% by 2020 from current levels would cost between €15 and 25 billion per year.

20) How can we stop deforestation and, at the same time, guarantee food security?

There are tensions between the need to increase food production, feed a growing world population and halt deforestation. Agricultural production should be increased without further deforestation. This requires improved land planning and substantial investment to increase yields on existing farmland. Stepping up agricultural research to enhance agricultural productivity growth in a sustainable manner is another line to pursue.

21) Does the Communication take the rights of local communities and indigenous peoples into account?

The Commission believes that policies to preserve forests and prevent deforestation can be beneficial to both local communities and biodiversity, provided such policies are well designed and implemented properly. It is also clear that no long-term reduction of deforestation can be achieved unless the needs of local communities are taken into account. The Commission will therefore address these challenges and work towards the development of a fair and effective scheme to provide incentives for reduced emissions from deforestation and forest degradation. Institutional and legislative reforms in developing countries will therefore be supported, particularly when they address issues such as governance, the equitable distribution of forest revenues, combating illegal logging and deforestation, to ensure that the broader benefits of forest conservation are also addressed.

22) How is the Communication addressing the impact of EU consumption (including biofuels) on tropical deforestation?

The development of biofuels should be sustainable, so vigilance is needed to ensure that further development of domestic production and imports does not jeopardise efforts to protect forests or broader biodiversity priorities. Appropriate criteria are being developed at EU level and the Convention on Biological Diversity is preparing guidance on the biodiversity-related aspects of the sustainability of biofuels.

23) Did the Commission consult stakeholders, also from third countries, while developing this policy proposal?

A public internet consultation was launched on 25 June 2008 and closed on 22 August 2008. The Communication has taken into account the results of this consultation and also submissions made by countries in the context of the UNFCCC reporting, as well as ongoing consultations on forest policy in the context of Forest Law Enforcement Governance and Trade (FLEGT) VPA processes. In addition to this, the EU's Green Week conference 2008 dedicated an entire session to tropical deforestation, its drivers and possible policy responses, and a broad and active public participation was recorded. To take the process forward, the Commission intends to organise a conference in the run-up to Copenhagen which will provide a forum for discussion of the Commission's proposals, as well as engaging key stakeholders and developing appropriate follow-up measures.