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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

Progress in the implementation of the EU Forest Strategy

'A new EU Forest Strategy: for forests and the forest sector'

Introduction: the EU Forest Strategy

In 2013, the Communication ‘A new Forest Strategy: for forests and the forest-based sector’¹ (‘the Strategy’) set a new EU framework to coordinate and ensure coherence in forest-related policies and enhance the contribution of forests and the forest-based sector to EU objectives. Sustainable forest management (SFM), the multifunctional role of forests, resource efficiency and global forest responsibility are its guiding principles.

The Strategy engages the Commission, Member States and relevant stakeholders to work together towards a common vision and a coherent planning and implementation of forest-related policies. It sets two key objectives for 2020: (i) ensuring that all forests in the EU are managed according to SFM principles, and (ii) strengthening the EU's contribution to promoting SFM and reducing deforestation at global level. Both address the three dimensions of sustainable development, providing a holistic approach to forest management and policy.

The Strategy addresses eight linked priority areas encompassing key policies and aspects relevant to forest management, the forest-based sector, and the society. A series of ‘strategic orientations’ under each priority area give indications on how the priorities could best be addressed by the Commission or the Member States.

The Council² and the European Parliament³, supported by the European Economic and Social Committee⁴ and the Committee of the Regions⁵, welcomed the Strategy. Responding to their requests, the Commission produced a Multiannual Implementation Plan⁶ (Forest-MAP) in cooperation with the Standing Forestry Committee (SFC) and the stakeholder platforms identified in the Strategy, which defines concrete actions, actors and timing for 2015-2020.

The review process

The Strategy planned a review by 2018 to assess progress in its implementation. The Forest-MAP, which listed working priorities for the Commission until 2017, specified that this review would help determine priorities for the period 2018-20. In addition, the Council invited ‘the Commission to report back to the Council on the findings of this review and present its recommendations (...) by 2018’.

¹ COM(2013)659.

² http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/142685.pdf

³ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2015-0109+0+DOC+PDF+V0//EN>

⁴ OJ C 451, 16.12.2014, p. 127–133.

⁵ OJ C 126, 26.4.2014, p. 3–7.

⁶ SWD(2015)164.

Diverse sources of evidence supported the review, including results of formal policy evaluations, EU reports and publications, supplemented by one specific study⁷.

Eight priority areas - Summary of progress

To date, the Strategy has supported and guided a large number of activities by the Commission, Member States, public and private stakeholders. The majority of actions in the Forest MAP, across all the eight priority areas, have been implemented as envisaged: about 30% have been fully completed, and some are partially implemented; 45% are ongoing activities. About 10% of the activities have not started yet, and a few experience delay.

Progress by priority area can be summarised as follows:

Supporting our rural and urban communities

The rural development policy (RD) of the Common Agricultural Policy (CAP) continues to be the main source of support for the protection and the sustainable management of EU forests. For the 2014-2020 programming period, 24 Member States planned forestry measures, i.e. 90% of the rural development programmes (RDPs), committing an amount of 8.2 billion EUR of total public expenditure. Four Member States addressed their forestry needs through State aid⁸.

Forestry measures help Member States to support multifunctional forests and SFM and combine them with other RD measures (e.g. advisory services, training, investments, cooperation) to address specific regional needs. They support the expansion of forests through afforestation and the establishment and renewal of agroforestry systems⁹. Other measures supporting the sustainable management of forests include: fire and natural disasters prevention (over 20% of the planned expenditure); restoration after damage; investment for climate change adaptation and provision of environmental or amenity services, and compensation for Natura 2000 and voluntary commitments. Moreover, RD supports investments to improve the economic value of forests and pre-industrial wood processing.

Forestry measures are designed to enhance the contribution of SFM to EU policy objectives, while benefitting the forest-based sector, supporting rural development and promoting the

⁷ Study on progress implementing the EU Forest Strategy.

⁸ E.g. In Germany, most Länder provide aid to forestry through RD, and three Länder through State aid.

⁹ Afforestation target: > 300.000 ha; Agroforestry target: >80.000 ha.

provision of goods and services coherently with key environment and climate policies. Their scope sufficiently matches the key societal and sectoral needs¹⁰.

The uptake of certain measures (e.g. agroforestry, Natura 2000) has so far not achieved the expected results. Additional exchange and promotion of good practices across and within Member States might help address potential limiting factors, often attributed to administrative burden or forest ownership structure. The proposal for the CAP 2021-2027¹¹, by providing more subsidiarity and flexibility, should bring new opportunities for Member States to design measures that better support local needs and priorities with simpler administrative procedures. The results of the ongoing evaluation of the State aid rules 2014-2020 will feed into the revision of the State aid guidelines.

The interaction of forests and trees with urban and peri-urban areas, and the understanding of their role for those communities are increasingly demanding attention.

Fostering the competitiveness and sustainability of the EU's Forest-based Industries (F-BI), bio-energy and the wider green economy

The EU F-BI performs sustainable and resource-efficient processing of a wide range of materials and products¹². The Blueprint for EU Forest-based Industries, which accompanied the Strategy, identified the challenges facing these sectors and the necessary actions¹³. In 2015, the extended F-BI value chains supported 3.6 million jobs with a turnover of EUR 640 billion (added value € 200 billion) in the green economy¹⁴, replacing fossil-based materials. The Strategy promotes, in a forward-looking forest-based sector, the sustainable and resource-efficient mobilisation and use of forest biomass, the development of the bioeconomy, access to domestic and international markets, and enhanced R&I.

Sectoral studies helped underpin competitiveness and sustainability, including: wood availability and global competitiveness¹⁵; a cumulative cost assessment of EU legislation on the F-BI¹⁶; analyses on consumer information for furniture¹⁷ and cascading of wood¹⁸ (as an

¹⁰ Evaluation of the forestry measures under Rural Development.

¹¹ COM(2018) 392 final.

¹² E.g. for: construction, furnishing, printing, packaging, hygienic products, food additives, and increasingly also bio-based textiles, chemicals, pharmaceuticals, plastics, 3D printing composites and biofuels.

¹³ SWD (2013) 343.

¹⁴ http://ec.europa.eu/environment/basics/green-economy/index_en.htm

¹⁵ <https://ec.europa.eu/docsroom/documents/10017/attachments/1/translations/en/renditions/pdf>

¹⁶ https://ec.europa.eu/growth/content/study-assessment-cumulative-cost-impact-specified-eu-legislation-and-policies-eu-forest-0_en

¹⁷ <http://ec.europa.eu/DocsRoom/documents/7572/attachments/1/translations>

¹⁸ https://ec.europa.eu/growth/content/study-optimised-cascading-use-wood-0_en

input to the Circular Economy Action Plan¹⁹ good-practice guidance²⁰). Actions to stimulate domestic market growth of forest-based products, e.g. in construction, are promoted by some Member States. In parallel, the EU has launched a Skills Blueprint initiative²¹ for construction and F-BI sectors.

Internationally, progress was made in bilateral trade deals, notably with Canada and Japan in the relevant sectors and with Ukraine in the promotion of SFM²².

Significant progress took place within the EU Framework Programmes FP7²³ and Horizon 2020²⁴, supported by the EIP Raw Materials²⁵. The Forest-Based Sector Technology Platform (FTP)²⁶ enables enhanced cooperation for innovation. Public-private partnerships on bio-based products²⁷ help commercialise them in diverse applications, e.g. new fibre technologies, bio-composites, bioethanol, bio-diesel.

The agreed recast of the Renewable Energy Directive²⁸ includes new sustainability criteria on forest biomass used for bioenergy production. These criteria, and the ongoing work addressing sustainability of forest-based products, build on work of the SFC on SFM criteria and indicators²⁹. Once fully operational³⁰, they will support SFM in and beyond the EU.

An EIP AGRI focus group³¹ also addressed ways to improve the sustainable mobilisation of biomass from EU forests. The revised EU Bioeconomy Strategy³² should help deploy innovation and further scale-up the role of forest-based biomass to replace non-renewable materials and products, whilst protecting the environment and ensuring circularity.

Forests in a changing climate

The Strategy promotes forest management practices within national policy frameworks to reduce emissions, sequester CO₂ and build forest resilience, by using EU funds and best knowledge.

¹⁹ <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52015DC0614>

²⁰ To be published before the end of 2018.

²¹ <http://ec.europa.eu/social/main.jsp?catId=1415&langId=en>

²² In the framework of the EU-Ukraine Deep and Comprehensive Free Trade Area.

²³ https://ec.europa.eu/research/fp7/index_en.cfm

²⁴ <https://ec.europa.eu/programmes/horizon2020/en>

²⁵ https://ec.europa.eu/growth/sectors/raw-materials/policy-strategy_en

²⁶ <http://www.forestplatform.org/#/>

²⁷ Bio-Based Industries Joint Undertaking under Horizon 2020 (<https://www.bbi-europe.eu/>)

²⁸ See provisional agreement reached in June 2018: <http://data.consilium.europa.eu/doc/document/ST-10308-2018-INIT/en/pdf>

²⁹ https://ec.europa.eu/agriculture/sites/agriculture/files/forest/publications/pdf/sfcci-report_en.pdf

³⁰ The Commission will establish operational guidance by January 2021.

³¹ <https://ec.europa.eu/eip/agriculture/en/focus-groups/sustainable-mobilisation-forest-biomass>

³² COM/2018/673.

EU policy tools in place ensure the contribution of forests to mitigation (LULUCF Regulation³³) and adaptation to climate change (EU Adaptation Strategy³⁴). LULUCF reporting under the UN Climate Change Convention has brought significant progress towards achieving the mitigation potential of EU forests, improving the understanding of the relation between climate and forests and fostering action in Member States' policy agendas. The LULUCF Regulation, emphasizes the role of forests and wood in reducing emissions and in carbon sequestration, further underpinning SFM. As for climate change adaptation, 25 Member States have national or sectoral adaptation strategies in place; in most of them, forests is a priority³⁵.

The EU has provided significant financial and institutional support to address forest fires and other disasters, including through the CAP, European Structural and Investment Funds, research and LIFE funds. The EU Civil Protection Mechanism supports forest fire prevention through risk assessments, management plans, early warning and alert systems and awareness raising. The Emergency Response Coordination Centre (ERCC) monitors forest fire risk and incidence for coordinated and quick response, supported by the European Forest Fire Information System (EFFIS). Following recent extreme events, a proposal to reinforce the EU-Civil Protection Mechanism³⁶ aims to strengthen the EU coordinated means to fight fires and to put more emphasis on prevention and preparedness, contributing to further the interaction between adaptation and civil protection.

Additional experience and exchanges of good practices in planning, implementation and monitoring of mitigation and adaptation actions and their synergies, would underpin the long-term sustainability of forests and secure their carbon storage.

Protecting forests and enhancing ecosystem services

The Strategy favours preventive approaches to ensure forests' provision of ecosystem services and contribution to biodiversity; in this respect, it highlights the potential of Forest Management Plans (FMPs) or equivalent instruments for a balanced delivery of goods and services. It calls on Member States and the Commission to implement the EU Habitats and Birds Directives, the EU Biodiversity Strategy, to develop ways for valuing ecosystem services, and to use EU funds for the protection of the forests' natural capital.

³³ Regulation (EU) 2018/841.

³⁴ COM (2013) 216.

³⁵ <https://climate-adapt.eea.europa.eu/countries-regions/countries>

³⁶ 'RescEU: a new European system to tackle natural disasters', expected to be adopted in 2018.

The initiative to map, assess and value ecosystem services (MAES)³⁷ has made progress, including a forest pilot project and works on an EU natural capital accounts system (INCA)³⁸. EU funding increasingly integrates opportunities for supporting forest ecosystem services' provision. There is limited evidence on how SFM supports policies such as the EU Water Framework Directive, but EU supported research in this area, i.e. a project on the provision of water-related services³⁹ may shed more light supporting policy design and implementation.

The EU instruments for pest control have been reinforced with the new plant health Regulation⁴⁰ and the Regulation on invasive alien species⁴¹, improving the protection of EU's forests and plants.

The Commission published a *Natura 2000 and Forests guide*⁴², resulting from a joint effort of very diverse stakeholders. The integration of biodiversity into FMPs has progressed. Member States and forest owners and managers make use of RDPs and LIFE funding to support the implementation of their commitments, and some have promoted initiatives for protecting and promoting forest genetic resources.

Despite the action taken so far, the implementation of the EU biodiversity policy remains a major challenge. The reports on conservation of forest habitats and species show no improvement so far. Further efforts are needed to enhance the role of FMPs in achieving biodiversity targets and support the provision of ecosystem services. Finalising ongoing work under MAES and research on tools and methods to account for forest ecosystem services and their financial reward should provide new insights in this area.

What forests do we have and how are they changing?

The Strategy aims at strengthening the knowledge base to address the challenges for forests and the forest-based sector, by enhancing cooperation and coordination in the development of the Forest Information System for Europe (FISE) as a reference for data and information on forests and forestry in Europe, in close connection with other data and information systems, and harmonising data at EU level.

A FISE prototype is still under development. Some relevant constituent information systems are operational and updated, e.g. EFFIS (on forest fires) or FOREMATIS (on Forest Reproductive Material). Forest data harmonisation, *inter alia* to contribute to international

³⁷ http://ec.europa.eu/environment/nature/knowledge/ecosystem_assessment/index_en.htm

³⁸ http://ec.europa.eu/environment/nature/capital_accounting/index_en.htm

³⁹ http://www.cost.eu/COST_Actions/ca/CA15206

⁴⁰ Regulation 2016/2031.

⁴¹ Regulation 1143/2014.

⁴² <https://ec.europa.eu/agriculture/forest/publications>

processes such as the data collection for the Forest Europe SFM indicators, is work in progress.

Setting up the FISE still requires significant work on system development, data collection and harmonisation, and integration of resources from existing (e.g. EFFIS, Climate-ADAPT⁴³), or potential future sources (e.g. DIABOLO, MAES).

New and innovative forestry and added-value products

The Strategy proposes an ambitious research and innovation (R&I) agenda aiming at enhancing the sector's sustainability and development of innovative products and processes, through Horizon 2020, EIP Raw Materials, EIP AGRI⁴⁴, SCAR⁴⁵, the forest governance structure and other EU relevant *fora*, and coordination and dissemination of good practices.

EU-funded research has supported the forest-based sector with about 500⁴⁶ projects since 2007⁴⁷. Horizon 2020 is expected to surpass the total amount of more than 500 million EUR spent on forest-based sector research in FP7. Innovation funding from the ERDF supplements this, as many EU regions selected forestry-related priorities in their Smart Specialisation Strategies. The EIPs AGRI and Raw Materials connect forestry with relevant research in: agroforestry; sustainable mobilisation of forest biomass; addressing climate change and environmental issues; and value chains.

The programmes FP7 ERA-NETs FORESTERRA, SUMFOREST and WoodWisdom supported about 70 projects (85 million EUR) from EU and national sources. ForestValue⁴⁸, the ongoing Horizon 2020 ERA-NET supporting the transition to a bio-based economy, involves 17 countries and has mobilised EUR 20 million national and EU funding. The Strategic Working Group on Forest Research and Innovation under SCAR⁴⁹ has supported coordination, studies on the scope and outcomes of EU-funded research, and outreach activities to other *fora*.

Defining the research agendas and the relations between research and EIPs would benefit from a strengthened framework to disseminate project results. A strong capitalisation of innovation along value chains would help to support the forest-based sector's

⁴³ <https://climate-adapt.eea.europa.eu/>

⁴⁴ <https://ec.europa.eu/eip/agriculture/en/about>

⁴⁵ Standing Committee on Agricultural Research (<https://scar-europe.org/>).

⁴⁶ EU CORDIS & ERA-NET databases contain (10/2018) 273 FP7 funded projects (ca. EUR 514 million) and 214 Horizon 2020 projects (ca. EUR 388 million).

⁴⁷ https://scar-europe.org/images/FOREST/Documents/SWG_forestry_study-v2.pdf

⁴⁸ <https://forestvalue.org/>

⁴⁹ The SCAR SWG Forest promotes transnational research and cooperation on climate change adaptation and mitigation, the sector competitiveness, and ecosystem services provision.

competitiveness. Horizon 2020 calls for projects that capitalise on finished project results, but outcomes of such activities are still to materialise.

Working together to coherently manage and better understand our forests

Coordination, cooperation and communication are necessary to balance different sectoral policy objectives and approaches. The Strategy aims at reinforcing governance and communication, in particular through the Standing Forestry Committee (SFC), the Civil Dialogue Group on Forestry and Cork (CDG-FC), and the Expert Group on Forest-based Industries and Sectorally Related Issues (F-BI EG).

The SFC continues to be the main forum for discussion on EU forests and forest-related issues and the implementation of the Strategy. Its information and debate sessions on all relevant EU policy initiatives are based on annual work programmes that build on and are coherent with the Forest MAP. The SFC emitted opinions⁵⁰ and reports²³ that were transmitted to the relevant policymakers. At the SFC, Member States share their experiences, initiatives, knowledge and advice. The SFC occasionally met stakeholders (CDG-FC) and sectoral expert groups (e.g. on biodiversity).

The Civil Dialogue Group on Forestry and Cork meets twice a year and has an observer chair in the SFC. It delivered resolutions showing the stakeholders' joint vision on topics such as the EU Timber Regulation (EUTR) and the role of forestry in the CAP.

The EG-FBI⁵¹ has operated since 2014, focusing so far on trade issues, especially with “Neighbourhood” States, the EUTR review and the cascading use of biomass.

The plan to set up a European Forest Bureau Network has not materialised. Yet, the European National Forest Inventory Network (ENFIN) and several EU-support research actions⁵² are working towards a more harmonised forest information in Europe.

The results of the 2015 Eurobarometer survey on the public perception of the benefits provided by forests⁵³ suggest the need for a better communication on the importance of sustainably managed forests. The approach taken by the EU Forest Communication Strategy⁵⁴ provides a sound basis to reflect how to address these needs.

⁵⁰ https://ec.europa.eu/agriculture/forest/standing-committee/opinions_en

⁵¹ The EG-FBI draws together sectoral industry representatives, MS and other sectoral stakeholders.

⁵² Including e.g. DIABOLO, two COST actions, and an ongoing contract with the European Forest Data Centre.

⁵³ <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/69759>

⁵⁴ https://ec.europa.eu/agriculture/sites/agriculture/files/fore/publi/communication-strategy_en.pdf

Forests from a global perspective

The Strategy aims to strengthen the role of the EU in the global efforts to promote SFM and reduce deforestation, ensuring consistency between EU and MS policies and commitments. It promotes the role of forests in sustainable development, and fights deforestation and forest degradation in international *fora*, within its external and cooperation action.

The EU and the Member States have adopted common positions to promote SFM in pan-European (FOREST EUROPE) and international forest-related *fora* (e.g. UNFF, FAO, ITTO) and other international processes (e.g. the UN Convention on Biological Diversity), including the 2030 Agenda and its Sustainable Development Goals (SDGs), in particular through the implementation of the United Nations Strategic Plan for Forests 2017-2030⁵⁵. Within FOREST EUROPE⁵⁶, the EU is exploring options for concluding a pan-European legally binding agreement on forests, which would translate the SFM concept into law, initially covering 25% of the world's forests.

The EU FLEGT Action Plan is a relevant, innovative response to the challenge of illegal logging and its implementation has significantly improved forest governance⁵⁷ in partner countries. The number of Voluntary Partnership Agreements between the EU and timber-producing countries is steadily increasing⁵⁸. The first FLEGT licensing scheme (Indonesia) became operational in 2016. The EUTR⁵⁹ review confirmed its potential to combat illegal logging and associated trade, but also the need for furthering its uniform and effective application; its implementation in 2015-17 showed significant improvement. Furthermore, a study addressing the impacts of EU consumption on deforestation and forest degradation shed light on this complex problem⁶⁰. The Commission will put forward a new initiative to step-up EU action against deforestation.

EU development policy supports global forest-related activities, as addressed in the International Cooperation and Development Strategic Plan 2016-2020, and promotes inclusive green economy cooperation interventions⁶¹. Many projects illustrate the value of EU and Member States' support, directly or through global multi-donors, in promoting SFM globally. The EU is also supporting developing countries in REDD+ national plans, and with initiatives promoting zero-deforestation supply chains. The EU also seeks to include

⁵⁵ <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N17/184/62/PDF/N1718462.pdf?OpenElement>

⁵⁶ The Ministerial Conference on the Protection of Forests in Europe (<https://foresteurope.org/>)

⁵⁷ SWD(2016) 275.

⁵⁸ Six concluded VPAs and nine being negotiated. (<http://ec.europa.eu/environment/forests/flegt.htm>)

⁵⁹ COM(2016) 74 final.

⁶⁰ http://ec.europa.eu/environment/forests/studies_EUaction_deforestation_palm_oil.htm

⁶¹ <https://europa.eu/capacity4dev/file/80634/download?token=-ZXMS3Cz>

provisions on the promotion of SFM and commitments to combat illegal logging and associated trade in its bilateral trade agreements.

EU funding for forests and the forest-based sector

The Commission has aligned the various EU funding streams to support the objectives and priorities of the Strategy. The CAP is the main source of funding of the forest sector (EUR 8.2 billion public expenditure), in coherence and synergy with other ESI Funds⁶², LIFE, and the EU Research Framework Programme.

The climate priority established for the EU funds provides significant targeted incentives to foster climate action in forests. On the other side, the funding opportunities for protecting forests and enhancing ecosystem services are not fully utilised.

The overall EU funding for R&I in the forest-based sector has increased significantly (249 projects received 615 million € in 2013-17)⁶³, supporting innovations and promotion of growth and jobs.

EU development cooperation has assigned EUR 235 million for the period 2014-2020 to support FLEGT and REDD+ activities mainly under the European Development Fund, which are complemented by country and region specific cooperation programmes, with a focus on improving governance and promoting forest conservation.

Conclusion - Progress towards 2020 objectives

Significant progress towards the 2020 objectives has been made. Since its adoption, the Strategy has effectively framed EU actions into its principles and goals, facilitating the coordination of all EU policy areas relevant to forests and the forest-based sector, promoting a consistent approach in both domestic and international policies, and allowing the EU and Member States to be world-leading advocates for sustainable forest management.

Substantial progress in implementing the activities addressing the eight Strategy's priority areas and the strategic orientations has been achieved. The Strategy is recognized by Member States as influencing their policies and actions, also at sub-national level⁶⁴.

The Strategy is a valid policy tool that allows the EU and Member States to address the many challenges and roles of forests when new policy objectives and societal priorities are

⁶² E.g. Member States have allocated almost EUR 8 billion to Thematic Objective 5 'climate change adaptation, risk prevention and management' to address several risks including forest fires.

⁶³ According to the Forest-Based Sector Technology Platform.

⁶⁴ 'Sustainable forest management in regions'. Report by the Committee of the Regions, 2018.

increasingly demanding to serve multiple purposes that sometimes can be perceived as contradictory. The growing societal demands from forests, increased pressures and climatic stressors might require additional efforts and commitment from all relevant actors to intensify coordination, cooperation and expert involvement, including across sectors and between the Commission, Member States and other stakeholders.

New policy developments will deserve due attention in the remaining implementation period, including ensuring the contribution of forests to the climate and energy framework - notably the implementation of the new LULUCF and renewable energy legislation, while facing adaptation of forests to climate change, to meet the EU commitments under the Paris Agreement. The Strategy and its priorities are fit for stressing the importance of forests and related EU policies for the implementation of the 2030 Agenda in the EU and globally, in particular through the implementation of the United Nations Strategic Plan for Forests 2017-2030.

The continued implementation of the Strategy, supported by the EU budget, will help the EU forests, covering 40% of the territory, to contribute effectively to territorial balance, growth and jobs in rural and urban areas, support the forest-based sector to stay competitive and the bioeconomy to develop, while protecting biodiversity and ensuring the provision of ecosystem services. Communicating the value and importance of well-managed forests to the society, thus ensuring strong societal support for sustainable forest management, is essential to underpin these goals.