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**COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

Reporting on the implementation of the EU Forestry Strategy

{SEC(2005) 333}

1. INTRODUCTION

The present Communication responds to the request of the European Council to the Commission to present an implementation report of the EU Forestry Strategy. In preparing this report, the Commission carried out extensive consultations with the Member States and stakeholders via the Standing Forestry Committee, the Advisory Group on Forestry and Cork, including an internet-based stakeholder consultation.

This Communication presents the main conclusions of the analysis as well as emerging issues affecting forests and forestry, and outlines possible actions for the future. The Commission Staff Working Document, which is attached to the Communication, provides a detailed description of the actions and activities implemented in the context of the EU Forestry Strategy in the period 1999–2004.

2. THE EU FOREST SECTOR

The EU forest sector is characterised by a great diversity of forest types, extent of forest cover, ownership structure and socio-economic conditions. In total, forests and other wooded land occupy some 160 million ha or 35% of the EU's land area. Moreover, as a result of afforestation programmes and due to the natural succession of vegetation, forest cover in the EU is increasing.

EU forests are situated in very different ecological environments, ranging from boreal to Mediterranean, and from alpine to lowlands. Of all biotopes in Europe, forests are home to the largest number of species on the continent and provide important environmental functions, such as the conservation of biodiversity and the protection of water and soil. Approximately 12% of the forest area is designated as protected forests. Forests contribute to scenic and cultural values, and support other activities, such as recreation, hunting and tourism.

About 60% of the forests in the EU are in private ownership, with about 15 million private forest owners. Private forest holdings have an average size of 13 ha, but the majority of privately-owned forests are less than 3 ha in size.

The EU is one of the largest producers, traders and consumers of forest products in the world. Forestry and forest-based and related industries employ about 3.4 million people, with an annual production value of about EUR 356 billion (2001). Average annual timber production in the EU amounts to almost 400 million m³, with only slightly over 60% of the annual forest growth being harvested. The economic and social importance of forestry in rural areas tends to be underestimated, as those working in forestry often are self-employed individuals or small enterprises and their activities are commonly coupled with those of other economic sectors. Besides wood and cork, forests produce other products, such as resins, medicinal plants, mushrooms and berries.

Forest protection is a constant concern in the EU. Biotic factors and grazing are main causes of forest damage. Other major factors affecting forests are air pollution, storms and forest fires. EU legislation has led to considerable improvement of air quality, but the deposition of air pollutants is still a concern. Heavy storms have caused severe damage to vast forest areas in recent years. About 0.5 million ha of forests and other wooded land are burned every year, predominantly in the Mediterranean countries.

The recent enlargement of the EU to 25 Member States has led to a substantial expansion of the EU forest sector, both in terms of forest area (20%) and in terms of productive and ecological potential. Many of the new Member States have restored ownership rights and/or privatised forest land and other forest-related assets, including some previously state-run activities in forest management. Nevertheless, the proportion of publicly owned forests remains higher in the 10 new Member States than in the former EU-15.

3. THE EU FORESTRY STRATEGY

The Council Resolution of 15 December 1998 on a Forestry Strategy for the European Union¹ established a framework for forest-related actions in support of sustainable forest management (SFM), based on the co-ordination of the forest policies of the Member States and Community policies and initiatives relevant to forests and forestry. It takes into account the commitments made by the EU and its Member States in the relevant international processes, in particular the UN Conference on Environment and Development in 1992 (UNCED) and its follow-up conferences, and the Ministerial Conferences on the Protection of Forests in Europe (MCPFE)².

The Strategy emphasises the importance of the multifunctional role of forests and SFM for the development of society, and identifies a series of key elements, which form the basis for its implementation. It states that forest policy lies in the competence of the Member States, but that the EU can contribute to the implementation of SFM through common policies, based on the principle of subsidiarity and the concept of shared responsibility. It also emphasises the implementation of international commitments, principles and recommendations through national or sub-national forest programmes or equivalent instruments, and active participation in all forest-related international processes, and stresses the need to improve co-ordination, communication and co-operation in all policy areas of relevance to the forest sector.

4. TAKING STOCK OF IMPLEMENTATION

The context for forest policy in the EU has evolved significantly since 1998, both through decisions directly affecting the forest sector and through changes in the broader policy setting.

The World Summit on Sustainable Development (WSSD), held in Johannesburg in 2002, put forests firmly into the context of sustainable development. At Pan-European level, the Declaration and Resolutions of the 4th Ministerial Conference on the Protection of Forests in Europe (Vienna, 2003), have set out common concepts and definitions, and a series of coherent actions for the protection and sustainable management of forests.

At EU level, the adoption of the 6th Community Environment Action Programme in 2002 and the reform of the CAP in 2003, which has strengthened rural development policy, are important developments with implications for the forest policies of the Member States.

Changes in the broader policy context include the Lisbon and Gothenburg strategies, and EU enlargement. Finally, the new Constitutional Treaty, which is currently being ratified, provides no change in the approach to forest policy in the EU.

¹ OJ C56, 26.2.1999, p. 1.

² Strasbourg 1990, Helsinki 1993, Lisbon 1998 and Vienna 2003.

4.1. The international forest-policy debate

The WSSD addressed a number of issues relevant to forestry and confirmed that SFM can play a key role in achieving the wider objectives, targets and principles agreed in Johannesburg. Given the role of forests in ensuring environmental sustainability and the large number of the poor that depend on them for a livelihood, forests have an important role to play in the achievement of the Millennium Development Goals.

The European Community and its Member States have played an active role in the UN Forum on Forests (UNFF), which was established in 2000, and have committed themselves to implementing provisions of other international agreements, conventions and protocols, such as: UNFCCC³ and its Kyoto Protocol, CBD⁴, UNCCD⁵, ITTO⁶, and CITES⁷. However, despite the progress made at international level in discussing issues such as certification and forest law enforcement, high rates of deforestation and forest degradation continue in many parts of the world.

Responding to growing societal concern, the European Commission has taken up the challenge of tackling illegal logging through the adoption of the Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT)⁸, and more recently through a legislative proposal on FLEGT.⁹

At the Pan-European level, the MCPFE has become a well established process, through which European countries and the European Community have developed comprehensive guidelines for forest policy, and strengthened co-ordination and co-operation.

Moreover, collaborative research both in Europe and internationally has mobilised European and Partner Countries' competencies to produce scientifically validated knowledge in support of implementation of associated policy recommendations.

4.2. Sustainable forest management in the EU

During the period of implementation of the Strategy, the EU has made progress in putting into place new and improved instruments to promote the protection and sustainable management of forests. This section summarises the developments in forest policy at national level and the forest-related actions at Community level.

4.2.1. National forest programmes

Substantial progress has been achieved in the preparation and implementation of national forest programmes (NFPs) in the EU. A common approach to NFPs has been developed in the context of the MCPFE, with the aim of establishing a social and political framework for SFM, based on participatory and transparent governance, and in line with international forest-related commitments.

³ UN Framework Convention on Climate Change.

⁴ Convention on Biological Diversity.

⁵ UN Convention to Combat Desertification.

⁶ International Tropical Timber Organisation.

⁷ The Convention on Trade in Endangered Species.

⁸ COM(2003) 251 final.

⁹ COM(2004) 515 final.

The NFPs address issues such as the productive function of forests and the economic viability of sustainable forest management, the contribution of forestry to rural development, the protection and enhancement of biodiversity in forests, climate change mitigation, the protective functions of forests, and social, recreational and cultural aspects. Although the programmes have similar aims, they vary in terms of their focus, reflecting the socio-economic and ecological diversity of the European forests.

NFPs also provide a reference framework for monitoring progress in implementing forest-related Community measures and initiatives, and in measuring and assessing the added value of specific Community actions in this area.

In their NFPs, countries stress the need to improve cross-sectoral co-operation. Efforts still need to be made to ensure that the national forest programmes are fully embedded in the national sustainable development strategies, and that they address all relevant issues and enjoy the support of all stakeholders.

4.2.2. Community actions in support of sustainable forest management

Community actions carried out in support of SFM cover several major fields of activity: rural development, forest protection and monitoring, biodiversity, climate change, forest-based products, forest certification, research, forest information and communication, and forest reproductive material and plant health.

The rural development policy has been the main instrument for the implementation of the EU Forestry Strategy at Community level. Financial support from the Community for forestry measures in the context of rural development amounts to EUR 4.8 billion for the period 2000–2006 (almost 10% of the rural development budget). The EU rural development policy is based on an integrated territorial approach, which recognises the interdependence of sectoral and horizontal policies, acknowledges regionally and locally distinctive characteristics and priorities, and puts emphasis on the active involvement and participation of local communities.

The Commission proposal to reinforce the EU's rural development policy for the period 2007–2013¹⁰ provides a basis for a fuller integration of forestry into rural development. One way of achieving this would be by enhancing the consistency between rural development and national forest programmes, exchanging information and best practices on the use of forestry measures, and improving the monitoring and evaluation of forestry measures with respect to the broader aims of the rural development policy.

The Community measures to support the protection of forests against fires¹¹ and atmospheric pollution¹² have yielded a considerable amount of information and operational developments. These actions have fostered co-operation between EU countries in these areas. However, atmospheric pollution and forest fires continue to be a major concern. The Commission has recently set up an expert group to analyse forest fire prevention at Community level and to make recommendations for future actions. Moreover, the Forest Focus Regulation¹³ adopted in 2003 provides an opportunity for the EU to develop a comprehensive and integrated forest monitoring system, including new parameters on soils, biodiversity and climate change. Such a system could eventually also address socio-economic aspects of forests and forestry and lead to a better integration of national forest databases into an EU-wide monitoring and reporting

¹⁰ COM(2004) 490 final.

¹¹ Council Regulation (EEC) No 2158/92.

¹² Council Regulation (EEC) No 3528/86.

¹³ Regulation (EC) No 2152/2003 of the European Parliament and of the Council

system. The criteria and indicators of SFM developed in the context of the MCPFE should be considered in this respect.

An important EU achievement in the area of biodiversity conservation is the implementation of the Natura 2000 network. Many Member States have adapted guidelines for the management of forests to favour biodiversity conservation and promote the provision of environmental services through forest management. An ecologically representative forest conservation network within Natura 2000 and the simultaneous promotion of biodiversity enhancement in commercial forest stands are likely to be an effective way of reaching the biodiversity conservation goals. However, the need to map, study and monitor forest biodiversity both inside and outside protected areas remains.

Although the role of the forest sector in climate mitigation was confirmed by the rules of the Kyoto Protocol agreed since the adoption of the Strategy, development of dedicated measures for carbon sequestration, including afforestation and reforestation, has been slower than expected. Wood can play an important role as a provider of biomass energy to offset fossil fuel emissions, in line with the EU directives on renewable energy sources, and as an environmentally friendly material. The use of biomass for energy purposes has not yet been developed to its full potential in the EU and it should be ensured that in doing so no undue distortions of competition are created. In the future, wood may also play an important role as carbon reservoir.

There is also an emerging need to evaluate the impacts of climate change on forest ecosystems and to develop measures to adapt to these impacts. In the future, not only mitigation measures (reduction of greenhouse gases) but also adaptation measures (adaptation of forests to a changed climate) will need to be considered.

A broad range of actions related to the enhanced use of wood and the competitiveness of the forest-based and related industries have been carried out in the context of the Communication on the State of Competitiveness of the EU Forest-based and Related Industries adopted in 1999. The Commission has recently completed an evaluation of this Communication. One of the results is that the European consumer should be better informed about the advantages of wood from sustainably managed forests as a renewable and environmentally friendly resource, and that there is a need for creating an enabling environment, within which the forest-based industries can enhance their competitiveness and foster timber use.

Certification has been one of the tools to encourage the sustainability of forest management and allow consumers to discriminate positively in favour of wood products originating from sustainably managed forests. So far, certification has developed as a private-sector, market-based tool, with limited regulatory intervention by public authorities.

Substantial research efforts have been made under the Community Research Framework Programmes and COST¹⁴ to support and further develop SFM, and to enhance the competitiveness of the forest sector. The forest sector should pro-actively contribute to the Lisbon objectives. In order to do so, sector-wide strategic thinking is necessary, underpinned by a broad and long-term vision determining the scope of and the priorities for forestry research.

¹⁴ European co-operation in the field of scientific and technical research.

Building on the results of a pilot project, the Commission launched a preparatory action for the development of an internet-based forest information and communication platform in 2004. This action needs to be accompanied by an examination of the specific user requirements and an assessment of the limitations related to existing national data sources.

Plant health and the quality of forest reproductive material are of vital importance for the productive capacity of forests in the EU. Over the last few years legislation has been adopted to ensure a more harmonised implementation of a number of key aspects of EU legislation on the marketing of forest reproductive material.

Not only living plants, but also wood imported from third countries into the Community constitute a serious risk of introduction of harmful pests and diseases. In 2004, new and more stringent provisions to address these risks were introduced into the already existing acquis.

4.3. Co-ordination, communication and co-operation

Throughout the implementation of the Strategy, co-ordination with the Member States and consultation with stakeholders have been channelled through the existing administrative structures, in particular the management and consultative committees, which advise the Commission, provide opinions and promote the exchange of information.

The Standing Forestry Committee (SFC) has carried out its management function for the specific regulations on forest protection and monitoring. The SFC has also played an important role as an *ad hoc* consultation forum on forest-related issues. Regular information exchange, co-operation and co-ordination with forestry stakeholders have taken place through the Advisory Group on Forestry and Cork, and the Advisory Committee on Community Policy Regarding Forestry and Forest-based Industries.

An important step was taken at the end of 2001, when the Commission established an Inter-Service Group on Forestry to strengthen co-ordination on forest-related issues between the various services responsible for the relevant Community policies.

Regarding the international arena, the Member States and the Commission co-ordinate their positions prior to forest-related international meetings in the Council Working Party on Forestry. The Working Party also deals with forest-relevant Community policy and legislative initiatives of a global dimension, including the FLEGT initiative.

Despite these activities, there have been persistent requests from Member States and stakeholders to review the basic set-up for co-ordination, communication and co-operation, in view of the emerging challenges and the changing policy context.

5. THE WAY FORWARD – AN EU ACTION PLAN FOR SUSTAINABLE FOREST MANAGEMENT

Overall, the basic principles and elements identified in 1998 in the EU Forestry Strategy are still valid. SFM and the multifunctional role of forests remain the overarching common principles; national forest programmes provide a suitable framework for implementing these principles; and there is widespread recognition of the increasing need to take global and cross-sectoral issues into account in forest policy.

The experiences gained in the implementation period show that forests and forestry can contribute to the Lisbon objectives of sustainable economic growth and competitiveness, and to the Gothenburg objectives of safeguarding the quantity and the quality of the natural

resource base. However, in order to maintain and maximise this contribution in the future, the Strategy and its implementation process need to be placed within the newly emerging policy context.

Firstly, even if the different measures implemented over the last years have led to progress in the sustainable management of forests, the competitiveness and economic viability of forest management in the EU – based on a multipurpose approach, simultaneously serving economic, social and environmental objectives – is increasingly being challenged in the context of an open and global market. Most forest owners have few possibilities to realise economies of scale. Forest owners provide a wide range of goods and services to society, although they largely rely on wood sales for revenue. To satisfy the growing public interest in the management of forests for their environmental and social benefits requires, in many cases, changes in management practices that may reduce the economic viability of forestry. If the tradition of multipurpose forestry in the EU is to be maintained, these issues need to be addressed in the future.

Secondly, while the EU Forestry Strategy is based on subsidiarity and shared responsibility, there are a number of EU policies and initiatives that affect forests and forestry. There is a need to strengthen coherence between EU policies, as well as co-ordination between the Commission and the Member States, and to establish adequate monitoring mechanisms for the implementation of the Strategy, so that the various functions of forests and their links with other policies are addressed in a coherent way in the policy formation process.

Thirdly, all stakeholders concerned with forests and forestry stress the importance of good governance for the protection and sustainable management of forests. A participatory and collaborative approach to policy formulation and implementation is a pre-condition for good governance. There is a need to review and strengthen the consultation structures in forestry at Community and national level, in order to facilitate transparency in decision-making and a structured dialogue with all stakeholders.

And last, but not least, the global importance of forests for sustainable development, including their climate change and biodiversity dimensions, is being increasingly acknowledged. The EU should firmly continue to support the international commitments for the sustainable management of forests at global level. In this respect, the decision on the future international arrangement on forests, which will be taken at the 5th session of the UNFF in May 2005, will be significant.

In providing a reference framework for forest-related policies, initiatives and actions, the EU Forestry Strategy has changed the way forest-related issues are discussed today. However, the changes in the policy context suggest that a more coherent and pro-active approach to governing the Union's forest resources is needed in the future.

Such an approach should be based on a shared vision of the EU's forest sector and the challenges it faces at global, Community and national levels, and on a shared understanding of what forests and forestry can contribute to modern society. It should encompass a set of clear objectives that can provide a basis for regular monitoring and stocktaking, and bring together the thematic, horizontal and cross-sectoral policy initiatives at Community and national level in a structured framework to encourage better and more effective co-ordination and consultation, and promote the flow of information among the various actors concerned.

The Commission believes that the development of an EU Action Plan for Sustainable Forest Management could provide such a framework. An Action Plan could provide the necessary impetus to transform the EU Forestry Strategy into a dynamic process capable of responding to the newly emerging policy context and delivering outcomes consistent with the Lisbon and the Gothenburg Strategies.

Therefore, after reviewing the implementation of the EU Forestry Strategy, the Commission is proposing to the European Council that it will:

1. Develop an EU Action Plan for Sustainable Forest Management, which should provide a coherent framework for the implementation of forest-related actions and serve as an instrument of co-ordination between Community actions and the forest policies of the Member States. The list of actions to be taken at Community and national levels should cover, but not be limited to, the following elements and domains: socio-economic issues (competitiveness of forestry, valuation of social and environmental goods and services); environmental issues (climate change, forest fires, water, biodiversity conservation); use of wood as energy source; information about wood as a renewable and environmentally friendly resource; governance issues; horizontal activities (research, training, forest statistics, monitoring); and co-ordination, communication and co-operation. The international dimension of these issues should also be addressed.
2. Review the existing Community means and practices to facilitate co-ordination, communication and co-operation between different policy sectors, which have an influence on forestry, in the light of the increasing complexity of forest policy and of the decision-making processes. This review will also include Council Decision 89/367/EEC of 29 May 1989 setting up the Standing Forestry Committee¹⁵, and the role this body should play in the implementation of the Action Plan.

The Commission proposes to present the Action Plan in 2006.

¹⁵ OJ L 165, 15.6.1989, p. 14