

Land Use Policy Group

*The GB statutory
conservation, countryside
and environment agencies*



Forestry Commission

Seminar on the European Agricultural Fund for Rural Development: Implications for Forestry

11 March 2005, Civil Service Sports Centre, London

Summary Paper

Seminar facilitated and summary paper authored by



David Baldock

Vicki Swales

Martin Farmer

www.lupg.org.uk

www.forestry.gov.uk



1. Introduction

On July 14 2004, the European Commission published a proposal for a European Agricultural Fund for Rural Development (EAFRD), essentially a new Rural Development Regulation (RDR). The proposal is currently under negotiation and is expected to be finalised by summer 2005. Some potential revisions to the original proposal were published on 13 January 2005 and 4 March 2005, but these did not change the overall thrust of the EAFRD proposal. The proposal has significant implications for forestry at both the EU and Member State level. While it contains a number of measures likely to have a positive impact on forestry, several aspects of the proposals have raised concerns among stakeholders. These issues were explored during the seminar.

The new proposal retains most of the existing rural development measures, rearranging them according to three broad objectives, translated into three 'axes' plus a fourth axis for LEADER:

Axis 1 - improving the competitiveness of the agricultural and forestry sectors

Axis 2 - land management

Axis 3 - diversification of the rural economy and the quality of life in rural areas

The new Fund for financing the measures brings together the current Guarantee and Guidance Section resources, subject to a single set of rules. The current LEADER initiative is also incorporated. Notable changes are introduced (compared to the existing RDR) to: the structure and programming of funds; the management of measures; the co-financing rates; the principles of designation and calculation of payment rates for Less Favoured Areas; the forestry measures; the principle of Good Farming Practice; overall administration; and the monitoring and evaluation of rural development programmes.

The Forestry Commission and the Woodland Policy Group of the UK Statutory conservation agencies¹ commissioned IEEP to organise a one day seminar on the European Agricultural

¹ The Forestry Commission is the Government Department responsible for forestry policy throughout Great Britain.

Fund for Rural Development (EAFRD) and its implications for forestry. The seminar was held on Friday 11 March at the Civil Service Sports Centre in central London. This paper summarises the presentations, discussions and outputs from the break-out groups. A list of attendees and presentations are available in an appendix to this report.

The Woodland Policy Group is part of The Land Use Policy Group (LUPG). The LUPG of the GB statutory nature conservation, countryside and environment agencies comprises the Countryside Agency, Countryside Council for Wales, English Nature, Environment Agency, Joint Nature Conservation Committee and Scottish Natural Heritage.

The LUPG aims to advise on policy matters of common concern related to agriculture, woodlands and other rural land uses. It seeks to improve understanding of the pros and cons of policy mechanisms related to land use, particularly farming and forestry; to develop a common view of desirable reforms to existing policies; and to promote these views. www.lupg.org.uk

2. Summary of Presentations

2.1 Forestry in a European Setting

This presentation² highlighted the importance of woodlands and forestry in the EU. Following EU enlargement, there are now 160 million hectares of forested land, some 35% of the EU25 territory. Forestry covers a significant amount of land in some Member States e.g. Sweden (30.3m ha) and a negligible amount in others e.g. Luxembourg (89,000 ha). Enlargement led to a significant increase (20%) in forest area as countries such as Poland, with 9m hectares of forest and Latvia with 3m hectares, joined the EU. Approximately 40% of forest land is in public ownership with the remainder privately owned but there are significant differences within countries e.g 92% of the land is publicly owned in Estonia, while in Portugal the same proportion is privately owned. There are approximately 15 million private forest owners in the EU25 with the average size of forests being 13 hectares. The average size of publicly owned forest is more than 1,000 hectares.

There is no legal foundation for forest policy in the EU; it is effectively an outgrowth of agricultural and cohesion policy. However, the EU participates in Ministerial Conferences on the Protection of Forests in Europe, there is an EU Forestry Strategy (being revised) and the EU engages in trade negotiations on forestry. Funding for forestry is mainly via the Structural Funds and the Rural Development Regulation (soon to be EAFRD).

From an environmental perspective, forestry is important for biodiversity and climate change mitigation. It can also help to control erosion, assist water management in catchments, enrich the landscape, offer recreational opportunities and provide a source of income. Less than 1% of forests are pristine habitat and more than 66% are semi-natural. Some 127 million hectares (12%) are protected and 29% of Natura 2000 designations are categorised as forest habitats. However, poor forest management can lead to a wide range of environmental problems.

The recognition of forestry as a significant landuse seems to be growing in the EU, as is its importance in the context of rural development policy. However, while there are synergies and parallels between the agriculture and forestry sectors it is not yet possible to say that the two sectors have parity in the way in which they are dealt with at EU level.

2.2 Historical Overview of EU Forestry Measures

This presentation³ outlined the development of forestry support measures at EU level from before 1992 to the present day. Up until 1992 there was relatively little EU support for the forest sector other than, for example, support for wood processing activities. At a policy level, some national or regional regulations were in place. These included forestry measures in the Mediterranean area, mainly targeting soil protection, and also Regulations to help restructure agriculture in handicapped regions that also included forestry measures.

In 1992, the MacSharry CAP reform introduced a set of ‘accompanying measures’ that included Regulation 2080/92 for forestry. This regulation was aimed at improving forest resources, offering farmers alternatives to replace agricultural production, contributing to more environmentally sensitive countryside management and countering the greenhouse effect. Payments were available for afforestation and forestry improvements with differentiated payments for broadleaves and conifers. Between 1992 and 1999, €1.5 billion

² David Baldock, IEEP

³ Joost van de Velde, DG Environment

were spent with 56.8% of expenditure directed to broadleaves (excluding short rotation planting).

Agenda 2000 introduced Regulation 1257/99, the Rural Development Regulation. This Regulation broadened support for the forest sector with a focus on multifunctional forests. The Regulation was aimed at the development of forestry, extension of the woodland area and the maintenance and improvement of forest resources. Some Member States made forestry measures a much more significant part of their rural development plans and expenditure than others. Denmark, Ireland, Italy, Portugal, Spain and the UK all allocated more than the EU average of 9.7% of the total rural development budget to forestry measures.

EAFRD proposes some changes for forest support. Overall, there is greater emphasis on investment and competitiveness in the private sector with reduced eligibility for public owners. Levels of support for plantations are lower than previously but agroforestry could, in future, receive support and there is a measure specifically for Natura 2000 forest payments as well as a more general forest environment payment.

The policy context for forests is changing with Member States increasingly responding to broader societal issues such as climate change and biodiversity. Meanwhile the importance of forests as an economic resource is declining and the EU is increasingly dependent on imported raw material even though the policy for the past 20 years has been to expand the resource base. Enlargement has added some new challenges, increasing the forest area of the EU by 20-25%, the number of forest holdings by 30% and the standing stock by 47%. The standing stock has been increasing above the rate of utilisation since the 1950s and the volume of timber available is now double the utilisation rate⁴. The revision of the Forest Strategy in 2005 will need to reflect these changes.

2.3 UK Context for the draft EAFRD

This presentation⁵ outlined the UK's position on EAFRD and its stance in the negotiating process. A major consultation on EAFRD was held in England, Scotland and Wales at the end of 2004. The results are now being analysed. Defra has initiated a programme of meetings with stakeholders, including some in Brussels and there has generally been good consultation through the negotiations to date.

The UK priorities for rural development are to increase the transfer of funding from Pillar I to Pillar II of the CAP and to secure an increased share of EU RD funds. The UK wants to see a simpler structure for rural development policy with a focus on key priorities e.g. meeting EU environmental objectives. The UK also wishes to see increased choice and responsibility at Member State and regional level and a better interface with Structural Funds. Negotiations are ongoing but some key issues have not yet been addressed e.g. LFA definition, minimum funding per Axis, implementing rules and the EU Strategy. From what has been seen of the Strategy so far it looks as though forestry may have been marginalised again.

The Council is critical in these negotiations. Unlike other regulations where the details are often ironed out in official level working groups with the Council acting as the decision making body, on this occasion the Council is involved in some of the details. The Luxembourg Presidency hopes to secure agreement on the Regulation before the end of June

⁴ Arguments supporting continued afforestation could therefore be difficult to make from a purely economic perspective. Forestry and afforestation should therefore be considered as a multifunctional activity, delivering public goods such as positive environmental management.

⁵ Mike Dudley, Forestry Commission

but it looks as though the EU Strategy will be negotiated during the UK Presidency in the second half of 2005.

2.4 *Issues identified by the Forestry Commission*

This presentation⁶ described the opportunities EAFRD offers for the forestry sector. Forestry appears to be seen as an integral part of the EAFRD proposal. There are measures in all 3 Axes and the broadening of support for forestry is to be welcomed. The preamble to the proposed Regulation recognises the very valuable multifunctional role of forestry. New measures include establishment support for agro-forestry and the creation and development of micro enterprises. Changes include: afforestation restricted to 'first' afforestation; broadened support for Natura 2000 and forest environment payments; no support for the establishment of associations; and, reduction in the establishment rates for afforestation. Key issues include: the cap on rates for afforestation at 50% (likely to limit the establishment of non-economic woodland); the reduction in the period for income foregone payments to 15 years; lack of support for co-operation or forest associations; Article 27 support for marketing etc limited to micro businesses; and, very limited environmental conditionality. A good outcome for forestry will depend on getting the EAFRD programme right, clear priorities being set in the EU Strategy and good national strategies and programmes being adopted.

2.5 *Potential environmental safeguards in EAFRD*

This presentation⁷ summarised an analysis of the environmental safeguards within the text of the proposed Regulation. Forestry produces a wide range of products and public benefits. But afforestation and intensive forest management can cause environmental problems. Some of the previous environmental problems associated with EU forestry measures arose from the lack of detailed implementing regulations for Regulation 2080/92, which gave some Member States *carte blanche* to use funds in an environmentally damaging way. A lack of monitoring and evaluation has meant that it has been difficult to get detailed evidence of this damage even though it has been reported. With substantial amounts of public money at stake, there is a case for having clear environmental safeguards within EAFRD. As currently drafted, there are major discrepancies between the recitals and the Articles. The recitals generally flag up the importance of the environment and important commitments made by the EU on managing its forests sustainably, but this is then not always followed through in the detail of the Articles.

Environmental safeguards could take the form of specified environmental conditions, cross compliance with legislation and strategies and evaluations. Specified conditions could be in one Article, in relevant individual Articles or a Code of Practice. There is a case for cross compliance tailored to the forestry sector in EAFRD. The environmental conditionality in EAFRD relates to the framework for agricultural cross-compliance under the Single Farm Payment. For forestry, cross compliance with legislation such as the Birds and Habitats Directives, the Water Framework Directive and Environmental Impact Assessment Regulations could mirror the way that a number of environmental Regulations are included in Annex III of Council Regulation 1782/2003. A code for Good Woodland and Environmental Condition could be developed to mirror Good Agricultural and Environmental Condition, which forms Annex IV of Regulation 1782/2003. In relation to strategies and evaluations, the

⁶ Julie Collins, Forestry Commission

⁷ Clunie Keenleyside, Crex

EU strategic guidelines for EAFRD are important in relation to safeguards. In addition, there needs to be a common framework for monitoring and evaluation. There are various opportunities to influence the issue of environmental conditionality for forestry in EAFRD e.g. the main EAFRD negotiations, the drafting of implementing regulations and the strategic guidance. It is less clear how a framework for monitoring and evaluation should be addressed.

3. Discussion

There was some discussion about the different basis for and payment rates for agriculture and forestry. Attendees felt this illustrated a lack of coherence within EAFRD and rural development policy more generally. The issue of the Single Farm Payment was raised with concerns that this would work against woodland expansion in the UK as landowners would be worried about losing this payment if they planted trees. Reductions in afforestation rates would be likely to exacerbate this situation in the UK, as would the fact that grants are less than 100% funded while the Higher Tier agri-environment scheme is 100% funded. However, slowing down forest expansion may be an unspoken EU objective due to the increase in forest area after enlargement and the already high level of under-utilisation of timber resources. The Forestry Commission continues to push for higher rates for planting for woodland which are primarily for environmental benefit, although considers that without environmental conditions, there would be a danger of inappropriate use of such funds by some Member States. There was some discussion as to whether forestry certification schemes could be used to deliver environmental conditionality. The main problems were seen to be that certification schemes are voluntary and not always applied consistently, and that they only cover timber products.

4. Break-out groups

Participants were divided into three groups to discuss the following:

- A 2015 vision for forests and woodlands.
- The opportunities offered by EAFRD and its shortcoming in terms of delivering this vision.
- Key principles for the EU Rural Development Strategy and the EU Forest Strategy.

Vision

All groups described a vision of multifunctional forests as integral parts of the rural landscape providing a wide range of goods and services. All groups emphasised the need for sustainable management of forests and woodlands and highlighted the economic, social and environmental benefits that such resources could provide.

4.1 Opportunities and shortcomings of EAFRD

Opportunities

- Pre-amble good.
- EU Strategy leads to National then regional / local plans.

- Some opportunities for developing the “woodchain”, but not sufficiently focussed.
- Article 28 –in terms of developing infrastructure and for managing Natura sites.
- Non-productive investments? Should push for using this.
- LEADER cuts across Axes - could help collaborative working and building community capacity.
- Training and advisory services.
- Tourism links.
- Planting grants.
- EU regional observatory – will enable regions to learn from each other and highlight good practice.

Shortcomings

- Articles sometimes restrictive.
- Problem of funding rates for forestry measures e.g. afforestation.
- Strategy needs to allow MS flexibility and integration.
- Lack of environmental conditionality, but recognise concerns about being too prescriptive.
- Seems to be vetoing forest expansion (e.g. in UK where expansion is desirable).
- Problem funding beyond farm/forest gate.
- Difficulties of adding value to forest products.
- Lack of support for associations.
- Articles don’t deliver the recitals.
- Minimum expenditure on Axes.
- Excludes education measures.
- Not clear on CO₂ trading.
- Difficult to provide for public access infrastructure.
- Complexity.

4.2 EU Rural Development Strategy

The EU Strategy should:

- Be an inclusive rural strategy and call for joined-up land use planning.
- Be forward looking.
- Set out a vision for rural areas.
- Emphasise implementation of commitments already made e.g. Forest Resolutions, Biodiversity resolutions, Kyoto Protocol/ Climate change.

- Link to existing EU legislation e.g. water framework Directive, birds and habitats Directives.
- Show how it links to other EU Strategies.
- Make it clear it is a framework for Member States.
- Allow Member states to reflect national priorities.
- Be honest as to what can be delivered (resources).
- Require monitoring/feedback loops to allow modification.
- Be written in plain English/Hungarian etc.
- Emphasise economic, social and environmental aims of RD support.
- Link to an urban strategy.

4.3 *EU Forestry Strategy*

The EU Forestry Strategy should refer to:

- The multiple benefits of forestry, should reflect multi-functionality.
- Best places for forestry versus other forms of land use.
- Clear link to policy funding instruments.
- Delivery outcomes and targets.
- EU competence in forestry.
- Consistency with other sectors as a principle.
- Links with climate change on EU energy and renewables policy.
- Set the international context responsibilities for sustainable forests
 - E.g. Sustainable timber use miles/legality.
- Links to MS strategies.
- Rationale for incentives.
- Coherence with wide range of EU policies.
- Diversity of EU forest/woodland.
- Interdependence between:
 - Environmental functions
 - Economic functions
 - Social functions
 - Cultural functions
- Implementation of the Action Plan.

5. Conclusions

The seminar provided participants with a detailed overview of the current implications of EAFRD for woodlands and forests. It highlighted the areas where EAFRD provides opportunities for the forestry sector but also raised a number of issues of concern. Key issues that need to be addressed in the coming months are:

- The discrepancies between the recitals and Articles of EAFRD.
- The cap on rates for afforestation at 50% (likely to limit the establishment of non-economic woodland).
- The reduction in the period for income foregone payments to 15 years.
- The lack of support for co-operation or forest associations.
- Article 27 support for marketing etc being limited to micro businesses.
- Limited or inappropriate environmental conditionality.

The presentations, discussions and break-out groups highlighted a number of ways in which some of these issues could be addressed e.g. various ideas were offered for dealing with environmental conditionality. Over the next few months there are opportunities to influence the EAFRD negotiations, the drafting of implementing regulations, the EU Rural Development Strategy, the EU Forestry Strategy and the framework for monitoring and evaluation.

6. Appendix

6.1 List of Attendees

Name	Organisation	Email
Alun Davies	CCW	A.Davies@ccw.gov.uk
Hilary Miller	CCW	H.Miller@ccw.gov.uk
Judith Webb	CLA	judith.webb@cla.org.uk
Clunie Keenleyside	Consultant	clunie@crex.co.uk
Rob Green	Countryside Agency	Rob.Green@countryside.gov.uk
Rosie Simpson	Countryside Agency	Rosie.simpson@countryside.gov.uk
Richard Schaible	Dardni	Richard.Schaible@dardni.gov.uk
Alec Dauncey	Defra (FSU)	alec.dauncey@defra.gsi.gov.uk
Sandy Shattock	Defra (FSU)	sandy.shattock@defra.gsi.gov.uk
Fiona Mulholland	DOENI (EHS)	Fiona.Mulholland@doeni.gov.uk
Keith Kirby	English Nature	keith.kirby@english-nature.org.uk
Ceri Jones	Environment Agency Wales	ceri.jones@environment-agency.wales.gov.uk
Joost Van De Velde	European Commission	Joost.Vandevelde@cec.eu.int
Mike Dudley	Forestry Commission	mike.dudley@forestry.gsi.gov.uk
Julie Collins	Forestry Commission England	julie.collins@forestry.gsi.gov.uk
Alex Morris	Forestry Commission Scotland	alex.morris@forestry.gsi.gov.uk
Frances Snaith	Forestry Commission Scotland	frances.snaith@forestry.gsi.gov.uk
Paul Finch	Forestry Commission Wales	paul.finch@forestry.gsi.gov.uk
John Davis	FTA	johndandsusandavis@hotmail.com
David Baldock	IEEP	dbaldock@ieeplondon.org.uk
Martin Farmer	IEEP	mfarmer@ieeplondon.org.uk
Vicki Swales	IEEP	vswales@ieeplondon.org.uk
Claire Mennim	Mersey Forest	Clairemennim@merseyforest.org.uk
Dr Hugh Williams	National Forest Company	hwilliams@nationalforest.org
Jez Ralph	Silvanus Trust	jez.ralph@silvanus.cornwall.ac.uk
Gary Battell	Small Woods Association	Gary.Battell@et.suffolkcc.gov.uk
Alan Hampson	SNH	Alan.Hampson@snh.gov.uk
Robert Griffiths	Welsh Assembly Government	Robert.Griffiths@wales.gsi.gov.uk
Nick Collinson	Woodland Trust	nickcollinson@woodland-trust.org.uk

6.2 Presentations

The presentations appear in the following order:

1. Forestry in a European Setting – David Baldock, IEEP
2. Historical Overview of EU Forestry Measures – Joost van de Velde, DG Environment
3. UK Context for the Draft EAFRD – Mike Dudley, Forestry Commission
4. Issues Identified by the Forestry Commission – Julie Collins, Forestry Commission
5. Potential Environmental Safeguards in the EAFRD – Clunie Keenleyside, Crex

**Workshop on the European Agricultural Fund for Rural
Development: Implications for Forestry**

Forestry in a European Setting

David Baldock, IEEP

11 March 2005

Forestry in a European Setting

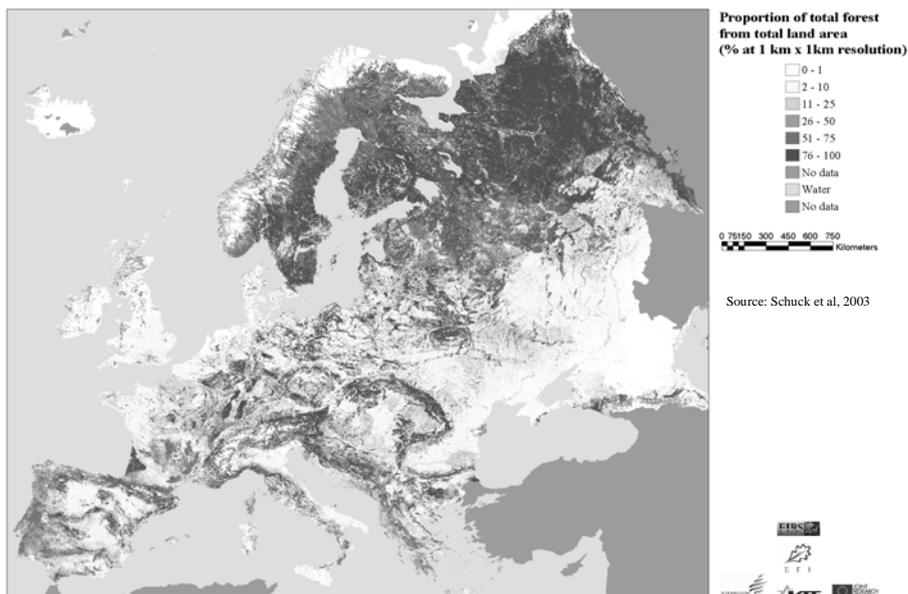
- European Context
- EU Competence
- Environmental Issues
- Final Reflections

Woodlands and Forestry: Importance in EU Member States

Characteristics of EU Forests

- EU25 forests and other wooded lands cover:
 - approx 160 million ha
 - this is 35% of EU25 territory
- Largest forested areas:
 - Sweden (30.3m ha) and Spain (26m ha).
- Smallest forested areas:
 - Malta (0 ha), Lux (89,000 ha), Netherlands (339,000 ha)
- UK
 - 2.5 million ha of forested area
 - 2.1 million ha available for wood supply

Total forest area as a proportion of total land area



Woodlands and Forestry: Importance in EU Member States

Effects of Enlargement on EU Forest Area

- Enlargement led to a 20% increase in the total forest area.
- Largest forested areas:
 - Poland (9m ha) and Latvia (3m ha)
- Candidate countries:
 - Bulgaria (4m ha of forest area)
 - Romania (7m ha of forest area)
 - Turkey (21m ha of forest area)

Woodlands and Forestry: Importance in EU Member States

Ownership of EU25 Forests

- 40% public ownership
 - 92% in Estonia, 84% in Czech Republic, 66% in Ireland
 - 43% in UK
- 60% private ownership
 - 92% in Portugal, 82% in Austria, 17% in Poland
 - 57% in UK

Woodlands and Forestry: Importance in EU Member States

Ownership of EU25 Forests (cont)

- Approx 12m private forest owners in EU15
- Approx 3m private forest owners in 10 new Member States
 - Average size:
 - Public forested areas: >1000ha
 - Private forested areas: 13ha

EU Involvement in Forestry

- Effectively an outgrowth of agricultural and cohesion policy: no independent legal foundation.
- **International Level**
 - EU participates in Ministerial Conferences on the Protection of Forests in Europe (MCPFE)
- **Overall Planning and Strategy**
 - EU Forestry Strategy (being revised)
- **Funding of Forestry**
 - Via Structural Funds
 - Via RDR/EAFRD
- **Trade Policy**
 - Includes tropical forest issues
 - e.g. Forest Law Enforcement, Governance and Trade (FLEGT)

EU Involvement in Forestry

- **Environment Policy**
 - Monitoring of forest damage
 - Forest fires
 - Birds and Habitats Directives
 - Biodiversity Action Plan
 - Climate Change Policy
- **CAP: Pillar 1**
 - Cross compliance policy
 - Forage area rules

EU Forestry Strategy

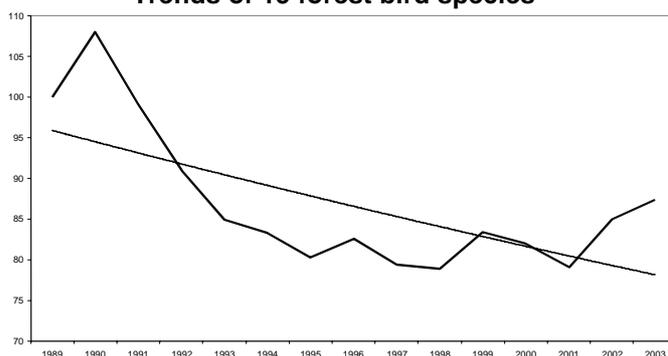
- Emphasises the importance of the multi-functional role of forests and the need for sustainable forest management
- Supports Member States' actions rather than supersedes them
- Development of national forest programmes
- Stakeholder consultation in Aug/Sept 2004
 - Are all issues represented?
 - Progress with implementation of the strategy?
 - Areas for future improvement?

Woodlands and Forestry: Environmental Issues

- Important for biodiversity (eg deadwood) and climate change mitigation
- Less than 1% of EU forests are undisturbed by man
- > 66% of EU Forests are semi-natural
- 12% of EU forest area is designated as protected forest – amounts to 127m ha
 - 29% of Natura 2000 designations or 12.2m ha are categorised as forest habitats
- Fragmentation of habitats

Woodlands and Forestry: Biodiversity Issues

Trends of 15 forest bird species



Population development of selected common forest birds.
Index for 15 common forest bird species in France
(Source: ETC NPB).

Woodlands and forestry: Biodiversity Issues

Examples of Biodiversity Friendly Management:

- At least 10 per cent of Europe's forests must be protected from any form of logging in order to avoid the extinction of species such as Capercaillie and White Backed Woodpecker. These species become endangered when the area of natural and semi-natural forest falls below 10-20 per cent of forested land (BirdLife, 2004).
- In Sweden, the Swedish Society for Nature Conservation (SSNC) is attempting to restore the population of the White Backed Woodpecker. The SSNC co-operates with forest companies and has established agreements with private landowners to preserve deciduous forests. The White Backed Woodpecker thrives in deciduous forests, with dead or dying trees, which are home to the insects that make up the White-back's diet (SNCC, website accessed 8 March 2005).
- A total of 68 species found in European temperate forest habitats are on the IUCN Red List (IUCN, 2004) of endangered or vulnerable species.

Woodlands and forestry: Environmental Issues

- Problems with afforestation under RDR:
 - Loss of biodiversity depending on the habitat substituted
 - Fire hazards from poor management or inappropriate planting
 - Soil erosion from poor establishment techniques
 - Landscape degradation e.g. from ill sited or inappropriate planting
 - Loss of grazing resources and abandonment
 - Conflict in rural areas with farmers/ graziers/traditional jobs
 - New environments and predators
 - Loss of low intensity farming systems
 - Can benefit large or absent landowners

Woodlands and Forestry: Environmental Issues

- Environmental benefits of afforestation:
 - Erosion control
 - Protection of waterways
 - Carbon sinks
 - Habitat protection or creation for some species and communities
 - Can enrich landscape
 - Assisting farmers to diversify their income
 - Long-term investment
 - Recreational opportunities

Forestry in a European Setting

Final Reflections

- Woodland on the EU horizon
- Growing importance of forestry within rural development policy
- Double edged sword
- Relationship with agriculture; synergies, parallels; parities?



Historical overview of EU Forestry Measures

J. Van de Velde
EC – DG Environment B3

25/04/2005

DG Environment – Unit B3 Forests

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Main episodes

1. Before 1992 : the early days
2. Forestry Regulation No. 2080/92
3. Agenda 2000 : RD Reg. No. 1257/99
4. Agenda 2007 : Comm. Prop. COM(2004)490
for a post-2006 RD regime (July 2004)

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1. Before 1992

- Supporting wood processing activities :
 - Reg. Nos. 1612/89 & 867/90
- EC level measures for :
 - monitoring of effects of atmospheric pollution on forests (Reg. No. 3528/86 and follow-up)
 - forest fire prevention and information collection (Reg. No. 3529/86 and follow-up)
- Forest information exchange “EFICS”
 - reg. 1615/89
- Several combined support schemes for agricultural / forest sector

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Before 1992 : EAGGF « orientation »

- “National” or “regional” regulations :
 - 269/79 : forestry measures in the Mediterranean area, mainly for soil protection
 - several regulations to restructure agriculture in handicapped regions of IRL, GR , IT , FR , which included forestry measures
 - pre-accession support to ES & PT including forestry
- Financing of the costs of forestry measures mainly by the “orientation” section of the EAGGF (75 % of costs in “Objective 1” and 50 % in other areas)
- Total budget of these actions rather small compared to “mainstream” (CMO) CAP spending

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2. Council Regulation (EEC) N° 2080/92

- **Part of “Accompanying measures” linked the Mc Sharry CAP reforms which introduced set-aside by agricultural sector**
- **Opening the aid to a wider range of beneficiaries, but compensation to farmers most important in budget**
- **Introduction of a maintenance premium over the first 5 years (according to the type of plantation)**
- **Significance increase in the amounts available for aid and eligible actions compared to previous schemes**
- **Modulation of the aid (broadleaves, conifers, fast growing trees) as integral part of scheme**

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Council Regulation (EEC) N° 2080/92

Objectives:

- **To accompany the changes to be introduced in common market organizations rules, by offering alternatives to replace agricultural production**
- **To contribute to an improvement in forest resources of the EU (12 MS)**
- **To contribute to forms of countryside management more compatible with environmental requirements**
- **To counter greenhouse effect and sequester CO²**

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Council Regulation (EEC) N° 2080/92

Aid for afforestation

Establishment :	<u>€/ha</u>
broadleaves	4000
conifers	3000
eucalyptus	2000
Maintenance premium:	
broadleaves	500/300
conifers	250/150
Compensatory premium for loss of income	
farming	600
non-farming	150

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Council Regulation (EEC) N° 2080/92

Aid for forestry improvements: (limited to farm-forest holdings)

	<u>€/ha</u>
- Wooded areas and windbreaks	700
- Firebreaks	150
- Water points	150
- Forest paths and roads	(18000 €/km)
- Soil improvements	1400

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Council Regulation (EEC) N° 2080/92

Breakdown by measures (1992-1999) :

Type of measure	N° of beneficiaries	Wooded area (ha)	Cost eligible for co-financing (Mio €)	Average cost per ha (€/ha)
Afforestation	142 628	1 041 589	1 626.0	1 561.0
Premium for maintenance	82 526	794 116	359.0	452.0
Premium for loss of income	101 011	864 578	1 776.0	2 055.0
Improving existing woodlands	40 450		162.0	

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Council Regulation (EEC) N° 2080/92

Total cost for the EAGGF : 1 519 Mio €
(1992-1999)

Breakdown by species class :

Medium and long term broadleaves	56.8 %	562 142 ha
Medium and long term conifers	32.1 %	317 467 ha
Mixed plantations (broadleaves & con.)	7.1 %	70 175 ha
Fast growing trees (Euc./Pop./Pinus)	4.0 %	39 464 ha
<u>Total planting 1992-99</u>		<u>approx. 1.000.000 ha</u>

25/04/2005

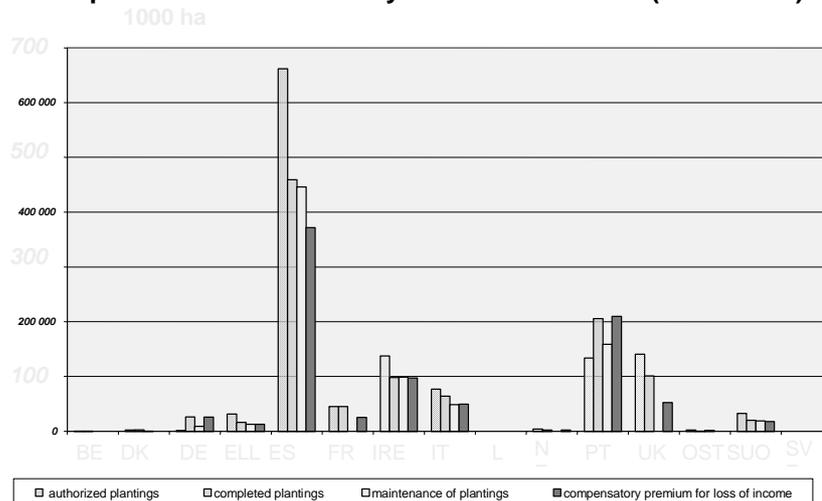
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Council Regulation (EEC) N° 2080/92

Uptake of afforestation by EU Member States (1993 -1999)



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3. Rural Dev. & Forests

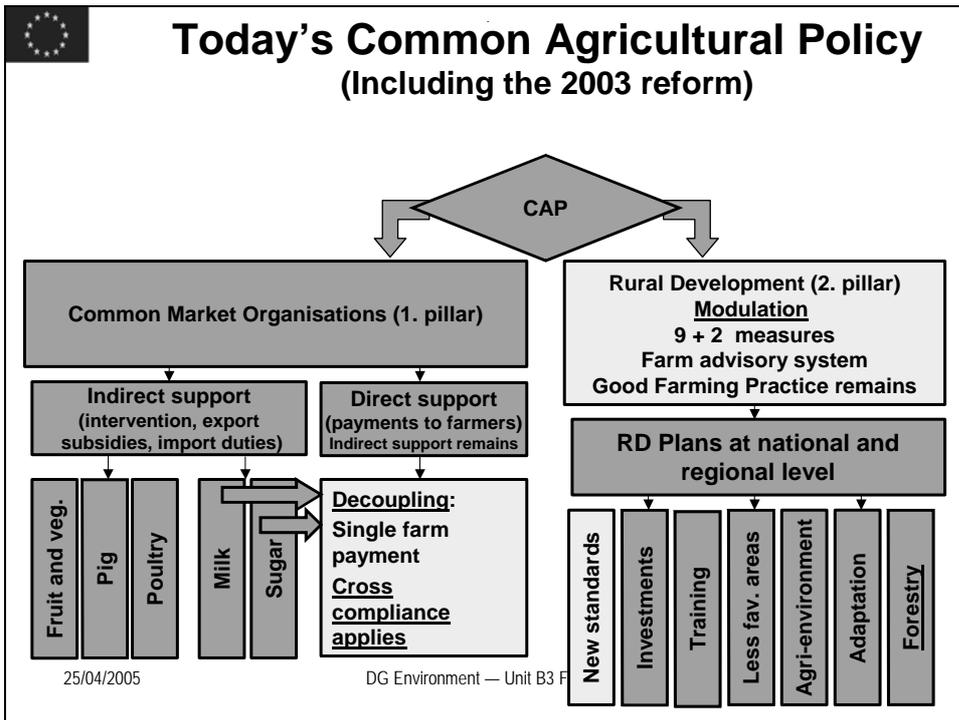
■ Agenda 2000 :

- Deepening and continuing the 1992 reform
- Consolidation of separate schemes for direct support (« pillar I ») and rural development (« pillar II »)
- Principles of RD policy :
 - Multifunctional agriculture and forestry
 - Multisectoral and integrated approach to rural economy
 - **SUBSIDIARITY** for MS to draw up RD programmes
- More categories of beneficiaries
- More categories of land eligible
- Variety of measures, including ecological ones
- Environmental principles as a condition

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Council Regulation (EC) N° 1257/99

Most important vehicle for implementing EU Forestry Strategy (98) with complete chapter (VIII) on Forestry measures :

Aim: To contribute to the maintenance of the economic social and ecological functions of forests in rural areas

Objectives:

- **SFM and development of forestry**
 - art. 30 : investments to improve the multifunctional role of forests
- **Extension of woodland areas**
 - art. 31 : afforestation of agricultural land
- **Maintenance and improvement of forest resources**
 - art. 32 : enhancement of ecological forest functions

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Council Regulation (EC) N° 1257/99

Structure of support interventions

- art. 30 : investment and planting of non-agro land
 - MS decide 40-50 % co-financing of real costs
- art. 31 : planting on agricultural land
 - planting costs 100 %
 - maintenance premium/ ha during 5 yrs.
 - compensation of income during 20 yrs (725 €/ha -185 €/ha)
(public owners only planting costs)
- art. 32 : ecological function & firebreaks
 - condition for support : costs > income
 - MS fix payments 40-120 €/ha , based on real costs

(Little changes by 2003 reform.)

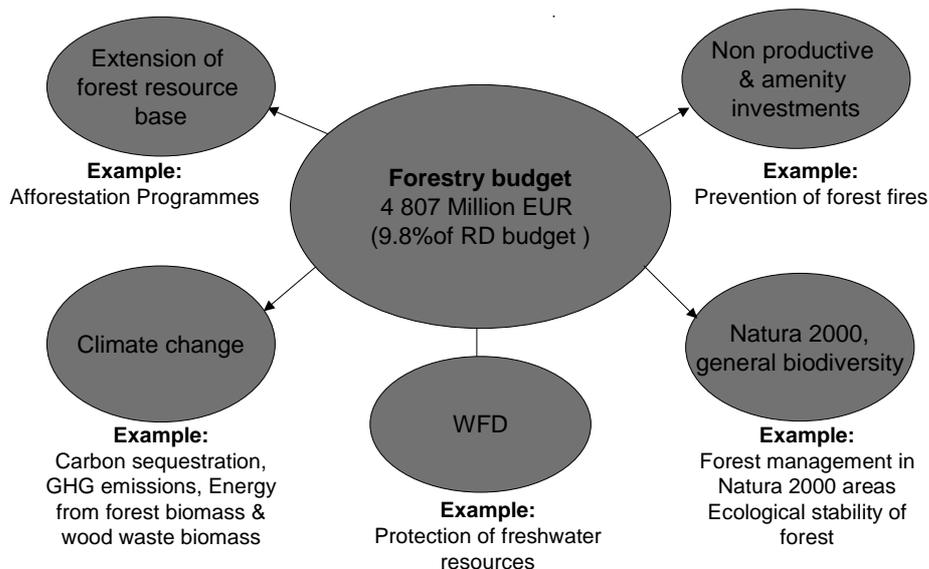
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Forestry in the Agenda 2000 perspective



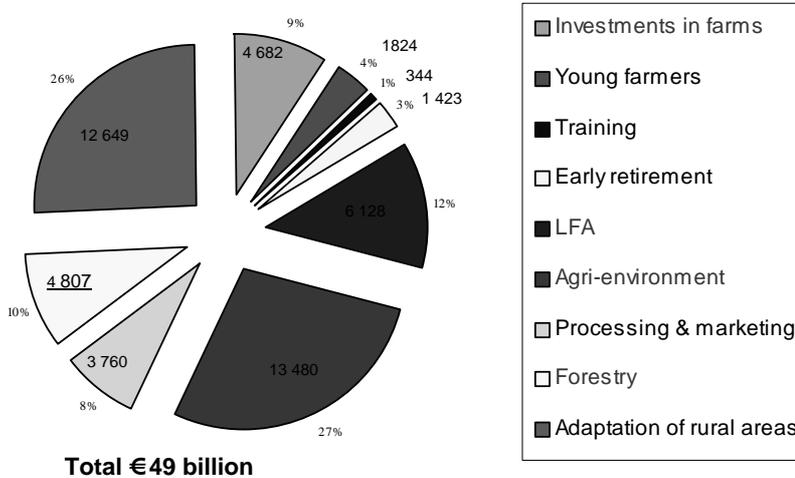
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EAGGF Guarantee & Guidance expenditure by RD measures 2000-2006 (in % and million EUR)



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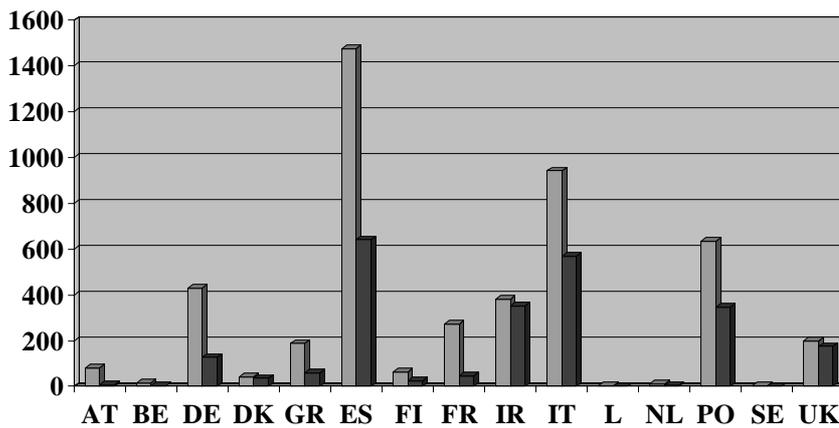
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Council Regulation (EC) N° 1257/99 : uptake of forestry measures in EU 15

Chapter VIII-Forestry measures - EU contribution (EAGGF-guarantee + guidance) in Mio €- Total / afforestation



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Council Regulation (EC) N° 1257/99 : detail of forestry measures (EU 15)

Country	EAGGF budget for rural development (EURO)	EAGGF budget for forestry measures (EURO)			% of total RD budget
		Afforestation	Other forestry measures	Total	
Austria	3 249 445 471	8 080 000	78 619 783	86 699 783	2.6 %
Belgium	401 767 048	6 153 000	18 068 182	24 221 182	6.0 %
Denmark	336 420 000	35 330 000	6 600 000	41 930 000	12.4 %
Finland	2 393 294 000	23 330 000	40 731 000	64 061 000	2.6 %
France	5 762 531 788	37 605 789	238 268 240	275 874 029	4.7 %
Germany	8 661 786 733	110 012 000	299 378 594	409 390 594	4.7 %
Greece	3 253 700 000	57 800 000	129 966 503	187 766 503	5.7 %
Ireland	2 558 291 000	350 800 000	31 500 000	382 300 000	14.9 %
Italy	7 493 685 000	560 123 000	341 189 000	901 312 000	12.0 %
Luxembourg	91 000 000	14 000	1 101 250	1 115 250	1.2 %
the Netherlands	427 000 000	12 210 000	5 450 000	17 660 000	4.1 %
Portugal	3 552 483 178	345 864 791	341 115 503	686 980 294	19.3 %
Spain	8 515 946 848	663 539 423	832 792 843	1 496 332 266	17.5 %
Sweden	1 232 268 999		3 620 999	3 620 999	0.3 %
United Kingdom	1 555 509 000	175 910 000	51 452 000	227 362 000	14.6 %
Total	49 485 129 064	2 386 772 003	2 419 853 896	4 806 625 899	9.7 %

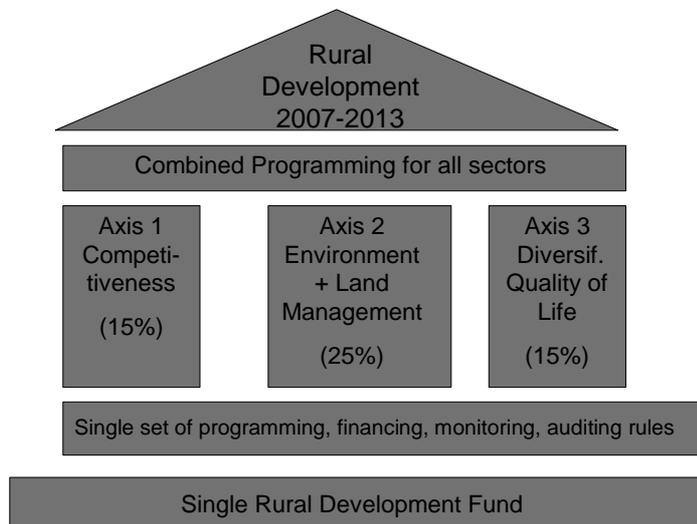
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4. Rural Developm. Policy 2007-2013



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COM(2004)490 RDR proposal

What's new : general mechanism

- Simplification > only 1 fund : EAFRD
- Three priority axes : competitiveness
land management
diversification
- Consultation & partnership approach
- Wider use of advisory services & more training
- Community Strategy > National strategy
- Designation of areas for measures by MS
- Agriculture & Forestry completely at par
- Mountain areas specifically mentioned

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The EU forest sector in 2007

- Major form of land use (Forest + woodland covering 160 M ha) , still extending (350 000 ha/yr in EU 15)
- Actual forest estate is mostly semi-natural and sector has low ecological footprint (but “virgin” or “old growth” sites are very rare)
- Large variety of natural forest types and forest use, with many transitions and regional combinations
- Forest policy in MS increasingly responding to broader societal issues (climate/water/biodiv./energy/landscape)
- Importance as economic resource is declining, reliance on imported raw material rising (notwithstanding policy to expand resource base since 20 yrs.)

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The Challenge of Enlargement

- 25 % increase in forest area
- 30 % increase in no. of forest holdings
- 47 % increase in standing stock
- large potential for investment in forest sector
- possible self reliance for forest products
- large increase in protected forest areas

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Winds of change ?

- Forestry facing many interests :
 - CBD/N2000 : biodiversity protection
 - UN FCCC/Kyoto : climate change mitigation
 - Energy Policy : White Paper/RES directives
> COM(2004)366 > biomass action plan
 - EU ENV policy : Water Framework Directive
 - Social forest functions
- “Business as usual” or alternative scenarios ? (EFI modelling study 2003)
- Revision of the Forest Strategy in 2005

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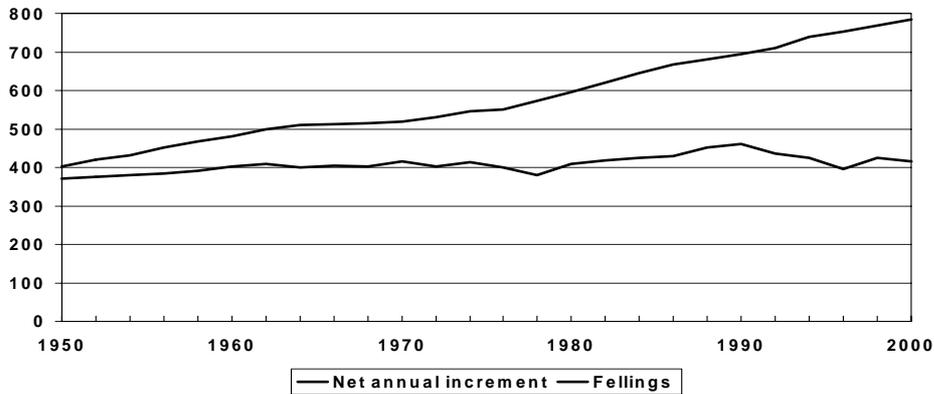
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ROOM for MANEUVER ?

(pan-European data from Stora Enso, pfa's discounted)



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Time table for new RDR 2007-13

- Currently: discussion on RD proposal
- ~ June 2005: new Reg. on RD 2007-2013
- Spring 2005: EU RD Strategy
- 2005: thematic strategies on PPP, air, soil, NR
- 2005-2006: Preparing national, regional and local strategies and drafting of the national/regional RDPs by MMSS
- 2006: approval of RDPs by the Commission
- 2007-2013: next programming period
- 2009: River Basin Management Plans in to force

Ultimately : it's up to MS to decide on budget

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DRAFT RURAL DEVELOPMENT REGULATION

UK PERSPECTIVE

Mike Dudley
International Policy

Introduction

- Key points
- Consultation
- UK Priorities
- Overview of negotiations
- Conclusions/questions

Key Points

- Establishment of a special fund (EAFRD)
- European and national strategies
- Three axes + 1
- Minimum spends per axes
- Strengthened role for leader
- Process for revising the designation of less favoured areas
- Creation of a 'European Observatory of Rural Territories' to collect and disseminate information and best practise

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Rural development Regulation

Consultation

- Consultation exercises conducted in
 - England,
 - Scotland and
 - Walesclosed end of 2004, results being analysed.
- Programme of meetings with stakeholders in Brussels
- Continued involvement of Stakeholders
 - through negotiations, and
 - successor arrangements to current programmes

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Rural development Regulation

UK Priorities

- Further transfer from CAP Pillar 1 to rural devp. Pillar 2
- Simpler structure with focus on key priorities (EU environmental objectives)
- Increased choice and responsibility at Member state and regional levels.
- Better interface with Structural Funds
- Increase in UK's allocation of rural development funding

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Rural development Regulation

Negotiations

- First run through of Regulations concluded under Dutch Presidency
- Some key issues not addressed.
 - Less Favoured Areas
 - allocation to MS
 - minimum spend on the four axis
 - implementing rules
 - outline of EU strategy
- Revised version of proposed Regulation released mid January
- Progress under current Luxembourg Presidency

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Rural development Regulation

Negotiations cont.

- Member States resolve outstanding queries
- Political agreement under Luxembourg?
- Develop EU Strategy
- Implementing Regs

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Rural development Regulation

Conclusion

- First round negotiations concluded
- Key issues identified
- Timetable
- Consultation
- Questions?

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Rural development Regulation

EAFRD - Issues for Forestry & Woodlands

Julie Collins
Rural Development Advisor
Forestry Commission, England

Overall Views on EAFRD

- Recognition of forestry as an integral part of rural development
- Forestry measures integrated across all three axes
- Importance of making link to EU Forestry Strategy and EU/international commitments
- Welcome broadening of support - forestry environment measures, agro-forestry
- Concerned about reduction in intervention rates

QUOTES FROM EAFRD

- “Farming and forestry remain of overriding importance for land use and the management of natural resources in the EU’s rural areas and important as a platform for economic diversification in rural communities”
- “Forestry is an integral part of rural development and support for sustainable management of forests and their multifunctional role. Forests create multiple benefits: they provide raw material for renewable and environmentally friendly products and play an important role in economic welfare, biological diversity, the global carbon cycle, water balance, erosion control and the prevention of natural hazards, as well as providing social and recreational services.”

Support for forestry in AXES 1 & 3

- **AXIS 1 COMPETITIVENESS**
 - vocational training
 - setting up young farmers
 - early retirement
 - **use of advisory services**
 - **setting up advisory services**
 - farm modernisation
 - **improving economic value of forests**
 - **adding value to products**
 - co-operation
 - **infrastructure support**
 - restoring agriculture production
- **AXIS 3 QUALITY OF LIFE/RURAL ECONOMY**
 - diversification into non-ag activities
 - **micro-enterprises**
 - **tourism activities**
 - basic services for economy
 - village renewal
 - **conservation & rural heritage**
 - **training**
 - skills acquisition & animation

AXIS 2 LAND MANAGEMENT

- Agricultural land
 - support for mountainous areas
 - support for LFAs
 - Natura 2000
 - agir-environment
 - animal welfare
 - non-productive investments
- Forestry
 - afforestation on agr. Land
 - agroforestry
 - afforestation on non agri-land
 - Natura 2000
 - forest environment
 - restoring forestry potential
 - non-productive investments

What has changed

- New
 - Establishment support for agro-forestry
 - creation and development of micro-enterprises
- Changed
 - afforestation restricted to 'first' afforestation
 - broadened support measures for maintaining and improving environment to encompass Natura 2000 and forest environment payments
 - No support for the establishment of associations
 - Reduction in the establishment rates for afforestation

ISSUES

- **Afforestation Rates**
 - Maximum public support for establishment costs capped at 50% (60% for LFAs and mountain regions) Annex 1
 - Income foregone payments reduced to 15 years (Art 40)
- **Lack of support for co-operation (Art. 27a) or establishment of forestry associations**
- **forestry support restricted to micro businesses (Art 27)**
- **No environmental conditionality on forestry support**

What is the impact on forestry

- **EAFRD provides a framework**
- **EU Strategic Guidelines sets EU priorities**
- **National Strategies & Programmes will establish priorities, schemes and funding allocations**
- **Need to get all the above right to achieve a good outcome for forestry**

Landscape with Farm Woodland

Isobel Cameron Forest Life Picture Library



**Workshop on the European Agricultural Fund for Rural
Development: Implications for Forestry**

**Potential environmental safeguards in the
EAFRD**

Clunie Keenleyside
IEEP/Crex

11 March 2005

Forest products and public benefits

- timber and non-wood products
- public use - recreation, hunting, food, fuel
- environmental benefits
 - habitats and species
 - landscape
 - soil and water
 - flood management
 - renewable energy
 - CO₂ sequestration

Negative environmental impacts

- afforestation
- intensive management of existing forests
- no Implementing Regulation for 2080/92
- lack of monitoring and evaluation

EU forestry policy

- EU Forestry Strategy (1998)
- EU Sustainable Development Strategy (2001)
- Pan European Criteria and Indicators for Sustainable Forest Management (2003)
- €4.7 billion EAGGF on forestry measures in EU15 2000-06

The case for environmental safeguards on forestry measures

- limit environmental damage
- encourage positive environmental action (Göteborg)
- support EU Strategies for forestry and sustainable development
- deliver EAFRD 'recitals'

Appropriate environmental safeguards for forestry in EAFRD

- specified environmental conditions
- cross-compliance with legislation
- strategies and evaluations

Specified environmental conditions

- in individual Articles
- in one general Article
- A Code of Practice

Cross-compliance with legislation

- based on existing Annex III and IV approach for agriculture

Summary of Annex IV of Reg 1782/2003

Through appropriate measures:

- protect soil from erosion
- protect soil organic matter
- maintain soil structure

Ensure a minimum level of maintenance and avoid the deterioration of habitats:

- minimum livestock stocking rates or/and appropriate regimes
- protection of permanent pasture
- retention of landscape features
- avoiding the encroachment of unwanted vegetation on agricultural land

Cross-compliance with legislation

- based on existing Annex III and IV approach for agriculture
- EU legislation
 - Habitats and Species
 - Water Framework Directive
 - EIA
- 'Good Woodland and Environmental Condition'

Strategies and evaluations

- EU strategic guidelines for EAFRD
- common framework for monitoring and evaluation (Commission and 25 MS)

- EAFRD (negotiations)
- Implementing Regulations (drafting)
- EU strategic guidance (drafting)
- Framework for monitoring and evaluation (?)

