

COMMISSION OF THE EUROPEAN COMMUNITIES

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Discussion Paper
on Community Action in the Forestry Sector

(Communication by the Commission to the Council)

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ON COMMUNITY ACTION IN THE FORESTRY SECTOR

I. Introduction

1. The European Commission undertook in the programme it presented to the European Parliament in March 1985 to produce proposals related to forestry. It subsequently decided to consult widely before making concrete proposals. The Commission is presenting this paper on forestry as a basis for consultation. After interested parties have had the opportunity of expressing their opinions on the ideas put forward here, the Commission will make proposals for a Community forestry action programme.

In order to help these consultations, the Commission is publishing a more extensive and descriptive paper on forestry in the Community as an addition to the present document. A Community Action Programme would be complementary to national policies. This Forestry Action Programme could involve a series of measures which would lead to the extension of the forest area and improvements in the utility derived from existing forests. While the Commission is not proposing to establish a Community forest policy, many of the actions suggested would be more effective if taken at the level of the Community rather than at the level of individual Member States.

In addition to stimulating discussions on forestry in the Community, the Commission is convinced that forestry problems in countries outside Europe, especially in the developing world, should also be considered.

II. The importance of Community forests

2. Forests meet an important need for industrial materials, providing economic activity and employment in what are often less-prosperous regions and supporting activity and employment in wood-using industries elsewhere in the Community. They also play a vital role in maintaining the ecological balance and contributing to environmental quality, in the prevention of erosion and desertification, and in the recreational and leisure activities of the Community's citizens.

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3. The need of the ten Member States for forest products (sawn timber, panels, pulp, paper, and so on) greatly exceeds the amount of wood obtained from Community forests, with the result that the Community is the world's biggest net importer of wood products. Net imports amounted to nearly 17 000 MECU in 1984 and this situation will be unchanged by the accession of Spain and Portugal.

This growing shortfall between the Community's demand for timber and its own production is only partly due to the insufficiency of the planted area - after all 20% of the Community's land area is planted to trees. It is also due to the under-utilisation of much of the existing forest, some of which is totally unproductive. Proper management and silvicultural techniques could improve the health, appearance and output of such forests.

At the same time, an increase in the supply of timber (bearing in mind that some demand can only be met by imports), coupled with a better organisation, could sustain more activity in the Community's own wood-using industries. Despite its overall deficit, the Community exports about 2 million tons a year of paper and board and is a net exporter of furniture. The demand and industrial capability exist therefore in the Community which should make possible a greater use of renewable resources, creating additional revenue and employment.

4. The environmental role of forests is important in relation to nature conservation and the maintenance of the natural balance, including the protection of soils and the prevention of water loss, as well as providing scope for recreation activities. Environmental objectives need not conflict with the objective of greater forestry development. In providing recreation to both the rural and urban population, forests answer social needs and help to provide services and leisure industries which reflect new trends in consumer demand.
5. The three main functions of Community forests mentioned above - providing raw materials, maintaining ecological balance and acting as a base for recreational activities - are of great importance. Improving the output of raw materials and services from Community forests can and should be achieved together.

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6. The European Commission has made proposals for forestry and timber in the past. Several of these initiatives (on research, agricultural structure etc) have been implemented. A proposal on the protection of forests from fire and from acid rain damage finds support from a large majority of delegations and discussions in the Council are continuing. Two other initiatives are still before the Council with little progress being made on any of them. In 1979 the Commission proposed a Resolution on a Community Forestry Policy and the setting up of a Standing Forestry Committee. In mid-1983 it proposed objectives and lines of action for Community policy regarding forestry and forest-based industries. No decision has been taken by the Council on these proposals.

7. Why, then, should the Commission take further initiatives in the forestry sector? There are a number of reasons.

- . The reduction of agricultural surpluses will lead to the search for alternative crops, including forests.
- . The Community's considerable trade deficit in wood and wood products gives scope for increasing Community timber production, if this can be done economically.
- . The need to maintain and expand economic activities and employment especially in rural areas.
- . Action is needed to stop the accelerating destruction of European forests by atmospheric pollution and by fire. The area lost to fire each year in Spain and Portugal is approximately the same as that in the other ten Member States.

These problems raise important questions of Community solidarity and they call for Community action.

8. Another important reason for the Commission to take an initiative on forestry is the public pressure for such action. Several resolutions requesting action have been tabled in the European Parliament. The Parliament approved a resolution in 1983 calling for a comprehensive Community forestry policy. Many of the points raised by the Parliament are dealt with in this discussion document.

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9. In fact, the Community has invested quite heavily in forestry in the context of its other policies. Between 1980 and 1984, around 470 MECU were committed from FEOGA, the European Regional Development Fund, from various research programmes and from the European Development Fund (outside the Community). In addition the European Investment Bank has made loans for forestry projects in Ireland and Portugal as well as in developing countries.

While such Community measures have had a significant impact, they remain isolated actions in the context of different policies. Forestry and the forest-based industries form, however, interrelated branches of economic activity which requires a clear strategy of its own if inefficiency is to be avoided. Afforestation of marginal land, for example, only makes sense if the infrastructure to exploit and use the timber can be developed. The different functions of Community forests argue in favour of a clearly identified forestry action programme.

10. The suggestions for Community action, which the Commission is putting forward in this paper, fall into three groups - extending the forest area, making the best use of existing woodland and protecting the forest.

III. Extending the Forest area

11. The fact that the Community has a large trade deficit in the products of temperate forests has already been emphasised. This deficit will remain even after the increase in timber production expected over the coming decade from new forests planted since 1945. There is wide scope, therefore, for the establishment of new forest as long as this can be done in an environmentally acceptable way.

Expansion of the forest area would provide employment, encouraging people to remain in those parts of the Community affected by agricultural decline. An increase in the volume of wood effectively available from the forest would also allow wood-processing industries to expand. In some of the already heavily wooded areas, where forestry is well organised, large numbers of jobs are directly dependent on forestry (in the German State of Baden-Württemberg, for instance it is estimated that forests provide employment for 250 000 people).

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12. The Commission's discussion document "Perspectives for the Common Agricultural Policy" (COM(85)333) makes clear that forestry expansion may be critically important to the development of Community agriculture.

- Land released from agriculture as a result of the crisis of overproduction could be planted to trees.
- Forestry could provide a suitable crop on the less-productive parts of farms - as it already does on the large number of agri-forestry holdings. The development of privately-owned forestry on farms should therefore be encouraged.

Some areas of marginal agricultural land provide ideal growing conditions for trees. There is scope in such regions for short-term cropping with a view to pressed-board production or processing into bio-chemicals as well as for traditional forms of timber production, where the owner must wait 15 or 20 years for a return on investment.

13. The main problem to be tackled in extending the forest area is that of incentives. Two approaches are currently practised in the Community, tax incentives and forestry grant schemes.

14. Incentives given through the tax system have led to a considerable extension of private forest in some parts of the Community. Measures taken by Member States to reduce the tax burden of companies or individuals investing in forestry could therefore be an important element in policy for forest expansion.

15. In view of the problems of surplus agricultural production in the Community, the Commission is already considering possible measures for the development of forestry as an alternative to agriculture. In this context, the cost of supporting forestry production must be seen in relation to the cost of agricultural support, and the cost of other measures for taking land out of agricultural production.

In the long-term, the objective of agro-forestry action must be to develop an activity which is self-sustaining and does not require substantial subsidies (it is not envisaged that a regime of price supports or further external protection would be extended to forestry).

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A number of grant schemes already provide incentives to farmers to replace annual crops by forestry. Aim of the schemes is to provide the farmer with a regular income from forestry similar to that from farming. In some cases grants are available to cover the investment cost involved in creating new woodland. One technique was introduced on a limited scale in the directive to improve agricultural structures (Regulation 797/85). This allows encouragement for farmers to put land down to trees by investment aids, or in the case of marginal areas by annual payments. Forestry measures have also been aided (Regulation 269/79) in France and Italy with a view to protection soils from erosion and controlling flooding. The development of woodland on farms has been assisted by specific agricultural measures in Greece and Ireland and by integrated development programmes in France and Scotland.

These two approaches - perhaps with different modalities - might be applied more extensively in the Community where trees replace surplus agricultural production.

16. Afforestation in Member States is encouraged through tax incentives or through grants. It may also be encouraged through Community action. The emphasis should be placed on choosing the instrument most suited to particular areas or objectives.

The Community could have a direct interest in financing such schemes since they could lead to budgetary savings on agricultural support. In areas where it is considered important to favour certain species for economic or ecological reasons, the grants could be varied to provide differentiated incentives.

17. Development of a Community action programme for forestry will require additional effort in forestry research, statistics (at regional as well as national level) and information. A considerable research effort has already been made in the "Wood as a renewable raw material" programme, which has just been prolonged for a further five years. Other programmes exist in the energy, agricultural and environmental areas which include forestry. This work could be strengthened by further research into tropical timber and alternative uses for wood.

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18. A number of questions are posed in connection with extending the forestry area.
- How can the extension of the Community's forest area best be organised ?
 - Under what conditions can forestry play a role as an alternative to those agricultural crops in surplus ? What would be the budgetary effect of switching areas used for agricultural purposes to forestry ?
 - How can tax or grant schemes be combined to provide efficient incentives to forestry development ?
 - How can the existing Community funds be used more coherently in this area ?

IV Making the best use of existing forest

19. Despite the high level of Community net imports of timber, only a low proportion of the Community's natural wood production is used productively. A considerable increase in output could be achieved with a relatively small additional investment.
20. The productivity of forests depends partly on the size of holdings and the degree to which the forest areas are contiguous and easily accessible. In regions where forest is held predominantly by state or semi-state bodies or by business, the parcels are often large and the infrastructure facilitates efficient management.

The 60% of Community forests held in the private sector are often characterised by problems of small size and dispersal of plots. The average size of private forest holdings in the Community is probably about 8 hectares, but there are major structural differences between Member States. In the United Kingdom, where financial institutions own considerable areas of forest, the average size of private holdings is far higher than in France, Germany or Italy where much of the forest is in agricultural units.

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21. The main difficulties in improving productivity lie in the small size and dispersal of parcels of forest, the lack of a suitable infrastructure and, frequently, the absence of ready markets for the wood. In a particular region, where these difficulties are acute, the price incentive to exploit the available wood may not be sufficient to compensate the high cost of harvesting. At the same time, It is unlikely that wood-using industries even of the most basic type, will be established where there is a low availability of timber. The lack of a market takes away any incentive to exploit the timber resources.

22. This situation would be improved by the creation of forestry associations for groups of individual owners. Such associations supplying forestry services and marketing assistance already exist in some areas of the Community, and have proved their effectiveness in Sweden and Finland. They could be involved in the drawing up of management plans for private forests. The creation of such associations should be encouraged. Their activity could be supplemented by firms specializing in forestry work, which could be aided in the context of programmes of assistance to small and medium sized enterprises, where such aids do not have direct effect on the pricing mechanisms of wood-based industry.

23. In some areas of the Community, the lack of an adequate roadway network in forested areas is a handicap to the better utilisation of existing forest resources. The Community already aids the creation of such networks in the Mediterranean areas of the Community. It may be necessary to give similar aid in other parts of the Community.

24. Appropriately situated and reasonably stable outlets are important for the achievement of higher productivity from forests. This, in turn, requires that agreements can be made both for forest owners to supply industry and for industry to take forest products. Establishment of large industrial facilities, such as pulp units, clearly requires a supply guarantee from a large area of forest. Smaller installations, like saw mills and chipboard manufacture, also require a continuous supply of raw material. The uses of appropriate supply contracts should therefore be encouraged.

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25. In aiming to improve the productivity of forests, it is also necessary to support the expansion of wood-based industries. At the Community level, for instance measures to improve the standardisation of forest products would be a useful step to encourage the development of the timber trade. The Community already has a Directive approximating Member States laws on the classification of wood in the rough ⁽¹⁾. This Directive should be followed where appropriate to remove remaining technical barriers to trade in forest products.
26. These proposals would help to improve the economic efficiency of forestry. It is also important to develop the usefulness of existing forest for environment and recreation.

An ecological code of conduct could be established for woodland management with the objectives of safeguarding the long-term fertility of the soil and the role of the forest in the water cycle, the conservation of woodland flora and fauna, the preservation of landscapes and the creation of an adequate diversity of species. The Community already supports some of these actions but it is important that a complete code of conduct should be generally applied.

There is clear evidence, for example, of strong public feeling in some regions at the spread of coniferous forest and the reduced area of broadleaved woodland. It is possible to devise aid systems - which would not involve large finance - to encourage owners to plant deciduous trees. Such schemes could be created partly in the context of the common agricultural policy.

The creation of woodland nature reserves and forest parks, which are common in many countries, would increase the value of Europe's forests as a leisure resource. Small amounts of financial aid in the creation of the necessary infrastructure could open up many woodland areas as nature reserves and recreational areas.

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(1) Directive 68/89/EEC

27. A number of questions are posed in connection with making the best use of existing forests.
- How can the problems associated with the small size and dispersal of forest blocks be overcome ?
 - What can be done to strengthen market possibilities for timber and other forest products ?
 - How can the objectives of more productive forests, environmental quality, species diversity and of forests for recreation be combined ?

V. Protecting Community Forests

28. The woodlands in the Community are suffering from widespread damage as a result of atmospheric pollution, forest fires, attacks by disease and insect pests, and, at certain times, as a result of natural disasters such as storm and drought.

The destruction of forest in northern Europe has reached considerable proportions. It is especially widespread in Germany and eastern France. With about 50% of the German forest and, as recent reports suggest, 40% of the Vosges forest (Lorraine + Alsace) damaged, the future economic development of regions dependent on forestry and tourism is at risk. The health of these forests has deteriorated at an alarming speed. Whilst the causes of the damage and the mechanisms involved are not completely understood, it is generally agreed that atmospheric pollution is a major factor, and especially emissions of sulphur dioxide and nitrogen oxides.

29. The Commission has already made proposals to reduce pollutant emissions from cars, from large combustion installations and from domestic central heating installations. It envisages making further proposals on speed limits, emissions from diesel cars and from lorries before the end of the year; and at a later stage emissions from other significant sources as already announced in COM(83)721. It considers that implementation of these proposals would considerably reduce atmospheric pollution and probably related forest-damage.

A Commission proposal to establish a regular inventory of forest damage and network of observation posts for measurement is making only slow progress in the Council.

30. Forest fires destroy about 120 000 hectares of woodland each year in the Community of Ten and with enlargement this will more than double. In 1985, over 300 000 hectares of forest have been destroyed (more than the area of Luxembourg), fifty lives have been lost as well as a considerable amount of capital equipment.

The Commission has proposed measures aimed at reducing the risk of forest fires and at improving Member States' fire-fighting capacity. This proposal would aid the establishment of fire fighting stations, encourage the improvement of equipment and of the training of specialised personnel. The Commission regards the progress of this measure, at the moment meeting resistance in the Council, to be of major importance. It also believes that the scope of Community action in this area should eventually be widened.

31. Biotic damage caused by insects or disease poses another challenge to Community forests and the Community should be prepared to intervene rapidly. The Standing Committee on plant health, which meets regularly, is consulted whenever a potential biotic danger is perceived. The Community has also undertaken various research projects in this area. New monitoring systems might be developed to reduce the risks of introducing new diseases and further specific research into forest diseases may be necessary. One important measure would be the adoption of a code of conduct on genetic impoverishment, a factor which is partly to blame for the weakening resistance of European forests.

32. Finally, there is the problem of the results of exceptional weather conditions, notably windblow. Here the Community has in the past restricted imports in order to reduce the pressure on the market coming from the sudden increase in supply. In order to improve the efficiency of such measures further cooperation between Member States needs to be considered to ease market tensions in such circumstances.

33. A number of questions are posed in connection with protecting Community forests.

- How can forests be protected against pollution damage ?
- What steps need to be taken to reduce forest losses due to fire ?
- How can the monitoring of disease or damage by insects be improved ?

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VI. Forestry in developing countries

34. As the Community is a major importer of wood, notably tropical timber from the developing countries, action in the forestry sector cannot be taken in isolation.

The Community has cooperation agreements through the Lomé Convention with certain of these supplier countries in Africa, the Caribbean and the Pacific (ACP). These agreements cover not only commercial arrangements but also financial and technical cooperation to protect and develop forests as a main factor in environmental improvement and defence against desertification. The Community is also a contracting party to the International Tropical Timber Agreement.

At present the tropical forest is being over exploited with grave results for climate and agricultural production, as well as the supply of tropical timber.

In a Forestry Action Programme the Community should take into account both these international agreements and its close relations with many developing countries.

35. A number of questions can be posed in connection with the promotion of forestry in developing countries.
- How can the Community mobilize its existing technical and scientific capacity to stop the decline of the tropical forest area and ensure long-term stability in the supply of tropical timber?
 - How can the Community accelerate and improve its efforts to reduce and ultimately prevent desertification in developing countries ?

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Conclusion

36. The Commission is anxious to proceed to as wide a consultation as possible on the questions raised and the ideas advanced in this paper - supplemented by the more extensive accompanying document.

It invites the other Community institutions and other organisations to formulate their own reflections and comments. Taking account of the views expressed in the course of the debate, the Commission will present its proposals before the summer of 1986.

The Commission underlines that the present document is not intended to prejudice the conclusions which it will reach and that it will take full account of the views expressed in these consultations.