



HOUSE OF LORDS

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Witnesses: Dr Aljoscha Requardt, Saskia Ozinga and Piotr Borkowski

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Members Present

Baroness Scott of Needham Market (Chairman)

Lord Bowness

Baroness Howarth of Breckland

Baroness Parminter

Lord Plumb

Lord Renton of Mount Harry

Lord Whitty

Lord Williams of Elvel

Examination of Witnesses

Dr Aljoscha Requardt, Secretary-General, Confederation of European Forest Owners (CEPF), **Saskia Ozinga**, Campaign Co-ordinator, Climate Change, Export Credit Agencies and Forest Peoples, the Forests and the European Union Resource Network (FERN), and **Piotr Borkowski**, Executive Director, European State Forest Association (EUSTAFOR)

Q18 The Chairman: Good morning. I am sorry that we kept you waiting for a few moments, but I thank all three of you very much indeed for coming to us this morning. In a moment I will ask each of you to introduce yourselves and your organisations, so that the Committee can better understand exactly what you do and how you fit in with each other. There are a number of formal housekeeping announcements that I need to make first. The first is that you have received a list of interests, which have been declared by the Committee Members. If any Members have a specific interest in forestry, I ask them to say so before they speak for the first time. This is a formal evidence-taking session of our Committee, so a full note will be taken and put on the parliamentary record in printed form and on our website. We will send you a copy of the transcript, so if you find any minor errors—I hope you will not—you can make corrections. As I say, this session is on the record. It is being webcast and will be accessible via the parliamentary website. With that, you are very welcome. The acoustics in this room can be a little tricky, so you will need to make sure

that you lean forward enough to use the microphones. Then we will all be able to hear you. Thank you again for coming, and I wonder whether I could ask each of you to introduce yourselves and say a little about your organisation.

Saskia Ozinga: Ladies first. My name is Saskia Ozinga, and I work for an organisation called FERN. It is a social and human rights NGO, and we focus specifically on EU policies that impact on forests, both within the European Union and within the tropical area. We work with a large coalition of other environmental, social and human rights organisations in tropical countries and within the EU.

Dr Aljoscha Requardt: My name is Aljoscha Requardt. I am the Secretary-General of the Confederation of European Forest Owners—the CEPF—which is based in Brussels. We are the European umbrella organisation, bringing together different national forest owner confederations and associations. At the moment, we have 25 members from 20 countries. The principles that we promote are sustainable forest management, property rights and the economic viability of the forest holding and the forest sector. As you might know, approximately 60% of the European forest area is privately owned. There is a huge number of different private forest owners—approximately 60 million people in Europe, but probably even more. Most of them have small-scale properties, so it is quite a challenge to bring this group of different forest owners together. Our job is as an umbrella organisation for this network of forest owners, but we are also a lobbying organisation in Brussels, following and observing the different policy processes and intervening as appropriate.

Piotr Borkowski: Good morning. My name is Piotr Borkowski. I am the executive director of the European State Forest Association, the organisation that associates 28 state forest organisations mainly from around the European Union, although Norway is also a member of our association. My members manage around 46 million hectares of forest, which is around 20% of the whole EU forest area. Our main activity, of course, is focused on assisting

and facilitating the implementation of sustainable forest management by our members. We also act as an umbrella organisation and provide a platform for them for co-operation and an exchange of experiences. We also follow the main EU forest-related policy developments in Brussels and certain developments on the pan-European level, but mainly the Forest Europe process and the ongoing negotiations on the legally binding agreement.

The Chairman: Can I ask all of you whether the UK is represented in each of your organisations? Do you have members from the UK in all your organisations, or not?

Dr Aljoscha Requardt: Unfortunately our UK member—ConFor—left in 2012. This is a pity, but we are still in discussion as the decision was clearly politically motivated; they felt that their forest policy did not have that much in common with the rest of the European forest sector. They also felt that the Brussels developments were not fully in line with their objectives. That was an honest answer.

The Chairman: We like honest answers, and we like clarity. I was aware of ConFor and its issues. I was not sure whether any of the other private forestry interests in the UK had become members, but they have not.

Piotr Borkowski: I will also contribute. Out of our 28 members, we have six so-called associated members—observers—who do not have full decision-making rights. These six include three forest enterprises from the UK: the Forestry Commission England; the Forestry Commission Scotland; and Natural Resources Wales, which was formerly the Forestry Commission Wales.

Q19 The Chairman: That is very helpful. Thank you. The Committee's interest in all this was stirred by some proposals from the Commission. We felt that we did not sufficiently understand the exact relationship between the Commission and the forestry interests of the member states, who was determining the strategy and how it was all going to fit together. One of the things that struck us, and we have heard other people say this, is that the

proposals from the Commission did not really set out a vision for forestry and were much more about operationally based things such as mitigating climate change. Those are very important, but we wondered whether you would agree that there should be a strategic vision for forestry and whether or not the Commission is actually providing that vision.

Saskia Ozinga: Maybe I should start. I think this is a subject that the three of us will not agree on, at least to a certain extent. We would like the Commission to play a more proactive role with the member states in providing clearer guidance towards a European forestry strategy, but the Commission has a very difficult job in that regard because, as you know, there is no EU forest policy, so the Commission has no competence to do that: hence, it can do that only with the fully buy-in of all the member states, which have very different opinions about what should happen and are divided internally as well. So the Commission has a very difficult task in providing that guidance. That may be a good opening statement to make.

The Chairman: Okay. Maybe the others can say something, and then I will come back with another question.

Piotr Borkowski: From our point of view, the whole situation regarding forest-related policies—we should use that term with regard to forest redevelopment at the EU level—is determined by the division of competences between the member states in the Union. Forest management is one of the domains in which the member states have competence. Of course, due to secondary legislation developed by the European Union for the purpose of all related policies, this competence is becoming more and more mixed. But in general we can say that the member states are competent in developing their national forest policies, especially when the policies address the management of forests.

On the question of whether the Commission was ambitious enough in developing the forest strategy, basically the whole process started three years ago with certain assessments of the

extent to which the previous EU forestry strategy of 1998 was meeting its objectives, and of the current development of those policies in sectors around forestry, by which I mean the EU's environment policy, energy policy, climate policy, some elements of its industrial policy, and at least the extent to which the forest-based industries are relevant to this. In conclusion, both the member states and the Commission decided that a new strategy should follow and should fit into the objectives of other EU strategies, such as the Europe 2020 strategy. That is why I believe that the far-reaching objectives of the current forest and forestry strategy, as proposed by the European Commission in its communication of 20 September last year, are likely to fit into the objectives of the European Union's overall strategies, Europe 2020 and the EU's climate and energy policy.

Dr Aljoscha Requardt: A lot of points have already been raised, but from our perspective a vision was lacking in addition to the guiding principles that were communicated and the 2020 objectives, which we also fully supported. A vision would have given a concrete signal for a long-term perspective, which you need in the forest sector. When we discuss different policy targets according to different policy strategies, as my colleague mentioned, the forest sector goes beyond 2020. A long-term vision would definitely have been needed, but we are not there yet because of the different views between member states and the EU institutions on who should have which competency and which tools are then needed to reach whatever the targets and long-term vision are.

The core principle of sustainable forest management is clearly underlined. It is based on the reference from the Forest Europe ministerial conference process, so it is the same definition that is used here; that is the principle that is emphasised. This also gives perspective on where to move and what to work on. But a longer-term vision, as was originally planned by the Commission— a vision for 2030 was included in one of the leaked versions—would have been a good step.

Saskia Ozinga: There was a serious chance that the forestry study would never see the light of day because of the internal fighting with the member states and the Commission. So it is easy to say that the Commission should have come out with a different strategy, but even getting this strategy out was really hard. We did a joint press release, trying to get the studies to see the light of day. Even this strategy, which is nowhere near visionary enough, was difficult to get out.

Q20 Baroness Howarth of Breckland: Could you say what the argument is about? It is difficult to understand what the differences are. Is it about subsidiarity or about environmental issues as against industrial use? What were the key issues that prevented the vision from coming forward?

Saskia Ozinga: The problem is that sustainable forest management is a great concept, and I think we all agree on that. The problem is that it is not really being implemented. If you look at the balance and the biodiversity figures falling in forests across the EU, the environmental NGOs, and with them those supporting that position in the member states and the Commission, would clearly argue that the current strategy, as well as the previous strategy, has failed in making that concept a reality. For instance, member states with a very strong forestry sector, notably the Scandinavian countries, are very reluctant to give the Commission any power over what they should nor should not be doing with their forests. The same can be said of some of the southern member states; Portugal has a big forestry sector. I think it is probably fair to say that there is a fear within a lot of the member states of the Commission slowly taking more power away from them.

Dr Aljoscha Requardt: What Saskia said is right. Of course, from the member states' side there is quite some reluctance about giving more competencies to Brussels. This is something that we have to openly discuss. We have also started to discuss this with our members intensively because, on forests, particularly at ground level, they are very much

hesitating over whatever comes from Brussels. But we also realise that the other sector-based policies are getting more and more concrete when it comes to forest management and national policies. The interference from other sector-based policies is quite a risk for our sector.

I do not agree with what Saskia said about our not having achieved implementation of SFM. We have made huge steps in implementing SFM. Huge investments have been made in the past few years. We also have a political process that goes along with this, and a common definition has been developed; criterion indicators for monitoring have been developed; sophisticated national forest inventories have been developed, et cetera.

Forest laws are in place in every country, not one of them older than five years: they are constantly updated. A lot of things are in place, de facto, which secure sustainable forest management in Europe. Compared with other regions in the world, forests are doing well. That is something we have to acknowledge and to communicate.

Nevertheless, I agree that this discussion about competency is something that we really have to address. The policy puzzle we have in front of us, coming from the agriculture and environmental sectors and now very strongly from the energy and climate side, is not a very satisfying situation. You need a strong reference for the sector. If we really want to further promote and develop SFM, we need clear instruments that clearly recognise these core principles.

The first strategy was an important step in that direction. As Saskia mentioned, the strategy was blocked at the highest level last year; Barroso's section blocked that. Basically, we were coming up against the argument, "You don't want to have a common forest policy and you don't want any competency in Brussels, so why do we need a strategy? That is the member states' job". This was an historic step: suddenly all stakeholders in the sector—the forest industry, owners, environmental NGOs—joined and said, "Well, we have to move on. We

need a forest strategy. We need an instrument that helps to secure coherence and co-ordination among these other sectoral policies”.

Q21 The Chairman: Can you help me out a little? I can entirely see that there is an issue for forestry. In my layman’s terms, I would say that you are being driven by whole sets of policy developments in other areas, such as the environment, but there is no coherence about how all that is impacting on forestry and what is happening. So I can quite see that there is a need for co-ordinating mechanisms and so on, but there is actually quite a big step between that and a legal competence. I am still struggling to understand what a legal competence would give you, the forestry sector, that you need in order to be about to carry out your functions, given that most of those are happening in a location-specific way.

Saskia Ozinga: Certainly, environmentalists would not argue for a common EU forest policy like the common agricultural policy; that would not be what we are thinking of at all. But environmental NGOs think that it would at least be helpful if it was, for instance, obligatory for the member states to use a certain percentage of their rural development funds for the Natura 2000 network. If you look at how rural development funding is being used at the moment, there is a lot of reforestation, afforestation—all sorts of things.

The Chairman: We will come on to that. It is an interesting point.

Saskia Ozinga: There are little legal recommendations which the Commission could give to member states to slightly readjust funding levels, for instance. We are not arguing for a common forest policy.

The Chairman: All right.

Piotr Borkowski: On the legal implications for the EU, approaching that future target is an objective in the long-run. If we want to maintain forestry as an independent sector on the policy agenda, developments should be made towards certain legal grounds for forestry at the

EU level as well. However, that is the future. At this point in time, member states are not prepared to just give away part of their competence, forest management, to the Union.

Why is that? I think that forest management and forestry are influenced more and more by so many policies that going for common legal solutions for the entire European Union would give the power of policy and decision-making to Brussels. That is regarded as unacceptable. On the other hand, we must also acknowledge that, at the pan-European level—above the EU level—there are ongoing negotiations on the legally binding agreements on forests in Europe. That is nothing other than the framework convention for forests at the pan-European level. Perhaps this could be an interim step in developing common approaches to forestry and forest management that would be easier for EU member states to accept. They would then have more say about the objectives of this future, hopefully legally binding, agreement than they would as a member state of a European Union to which policy and decision-making power had been handed over.

Then, of course, from this very general political level we need to get to the practical aspects of forest management. We need to refer to what “forest management” means at the ground level. We have certain authorities or private owners who are responsible for management both of the forests as ecosystems and in terms of economic outcome. We also need to understand the complex influences from the surrounding policies. Environmental policy has increasing protection demands, such as setting aside certain birds’ habitats from economic use, for natural conservation purposes.

On the other hand, we have the climate change policy discussion. Those who negotiate climate commitments would like to see forest ecosystems mainly as carbon sinks. But this is not the entire picture, because forests provide employment opportunities. They are an integral part of the economic landscape. People need to be able to make a living out of forests, whether from their properties or from those that are managed as state property by

the services. There are also demands from the forest-based and woodwork industries. There is growing demand for mobilisation of additional resources. When we take this bunch of different demands on the forest ecosystems, which we very often call challenges, we come to the conclusion that the best solution—from the perspective that I represent—is to keep this sector relatively independent but well integrated with surrounding sectors, and then focus mainly on the forest ecosystem. That ecosystem has to fulfil different functions.

The Chairman: That has gone quite some way to answering the questions that Lord Renton was going to ask.

Q22 Lord Renton of Mount Harry: Listening to what Mr Borkowski was saying, would it be fair to say that a very large quantity of the forestry that is still privately owned would much rather go on without having the Commission involved?

Piotr Borkowski: Are you asking me about the privately owned forests? My colleague is more likely to want to answer because he represents the private owners' consideration.

Lord Renton of Mount Harry: Did you say that 60% is privately owned? If you stand back, are not most of those owners anxious not to have the Commission involved?

Dr Aljoscha Requardt: Yes. Most of the forest owners do not want any interference from the Commission, and we have different regulatory instruments in place at national and regional level. In Germany, for example, forestry is not even a national competency; it is a federal competency. It is our job as a European confederation to communicate to our members what is actually happening in Brussels in the different policy arenas, as I have outlined several times. The other sectoral policies get more and more concrete in their demands and requirements. Last year, for example, we had debates on the biomass criteria, and developing a sustainability scheme for using wood as biomass for energy. The policy often comes first from just from one angle and focusing on one product only, and then they come up with these very concrete requirements for forest management on the ground.

They step into the forest management plans and want to set common standards. Often these standards have a very environmental bias, so they are not sound across the spectrum, and so on.

You also asked about the legal steps, the strengths, the competencies and secure coherence. I fully agree that there is a clear difference between them. Maybe it would be a good step to have a legal reference at the pan-European level, and then the forestry strategy at the EU level could connect to that and secure proper implementation at EU level without taking a legal step. At the moment we are far from developing a common forest policy. No one wants to have a common agricultural policy for the forest sector. Also, maybe before coming up with this kind of concrete legal step we have to think about how to strengthen the existing comitologies with the different advisory groups and the standing forestry committee, and the interplay between these bodies. We need to ensure that they have a proper mandate and that the member states not only have the competency but take the responsibility that they have. We observe that the member states often argue, “It’s not Brussels business, so we close at the border”, but they do not realise that the train moves on. That means that they also have to take responsibility for ensuring that the business on the ground, as you said, basically continues in line with national and regional priorities.

Lord Renton of Mount Harry: What does FERN think about this?

Saskia Ozinga: I agree with most of what my colleague says. The argument that is being put forward is that the forestry sector is under threat from lots of demands being put on to it.

That is not only the case in Europe; it is also the case outside Europe. Countries where I work—Liberia and Ghana, for instance—have quite an extensive forestry sector, and it is being wiped out by the agricultural sector, which is coming in with huge palm oil plantations. The importance of the forestry sector is decreasing, and we think that is a negative

development: hence you need to build barriers of resistance to make sure that the forestry sector keeps in business, basically. I think that is where we would all agree.

Dr Aljoscha Requardt: I am very happy to have your support.

Saskia Ozinga: I am sure you are very happy. I think that is where we all agree, because the forestry sector has a clear role to play in this day and age. We disagree about the role of sustainable forest management, the whole biodiversity protection, and the legally binding agreement, which I personally do not see much advantage coming out of.

Lord Renton of Mount Harry: You do not think it is likely to happen?

Saskia Ozinga: A binding agreement? No, I do not think it is. I think it has been shot down for the moment, and it will remain so for a while.

Q23 Lord Bowness: A question just occurred to me. You were talking about private owners and their views. Are all your members engaged in commercial forestry, or are there private owners who are perhaps keeping the estates for, I do not know, hunting purposes or the environment?

Dr Aljoscha Requardt: Yes, indeed. The forest owners in Europe are not a homogenous group. As I said, there are probably 60 million forest owners, and of course they all have different interests, and different property structures in different regions in Europe that have different forest characteristics, different histories, different economic and environmental conditions and so on. Not all forest owners have economic interests. We, as the CEPF, try to promote active forest management and therefore active forest owners to ensure that the properties are managed. We know that some of them have different interests and properties for completely different purposes. There are also these new types of forest owner, who have land as stable capital or stock, for hunting purposes or for recreational purposes but not for timber production or other economic benefits.

As I said, we in the CEPPF try to promote forest active management, because in our view a sector is economically viable only if it is able to fulfil its multiple functions. These functions range from the economic to the social and environmental. You need proper economic conditions and proper infrastructure to do that. If you set your forests aside, you might have protection status for a while, but if you do not secure certain management it will not move.

The Chairman: Just to move us on, Lady Howarth.

Q24 Baroness Howarth of Breckland: This is fairly a narrow question, to which there might be a broad answer. It is about the cascade principle, with which you will be very familiar. I know that in your evidence you felt that this should be a guiding principle rather than mandatory from the EU. Would you say a little about how you see the cascade principle and how helpful you find it as a management tool? I am not going to describe it, because you are also familiar with the steps.

Dr Aljoscha Requardt: As you said, our view is that it might be a useful principle to somehow solve our problems with resource efficiency and resource availability. Due to increasing demands on wood energy we have a completely new situation. Several countries heavily rely on imports—the UK is one of them—but implementing the cascade use principle from the top down under a legal obligation from Brussels is probably not the way to go as a solution, because then you clearly interfere in the markets. Cascade use is already put into practice by many industries. At least, all the industries that we are in contact with—the big forest co-operatives and industries, also in the Nordic countries—already use this principle because they have to: raw material has to be used in the best way to secure the best outputs and products. DG Enterprise is now putting this principle into all kinds of strategies and legislation that deals with raw materials, but it is not clear where we should go.

Baroness Howarth of Breckland: This is just as a theory, but if there was a shortage of fuels and wood was available, how would we ensure the protection of the environment if

there was nothing in place, or do you think that other things are in place that would ensure that the cascade principle would be the underlying function?

Dr Aljoscha Requardt: We are shifting a bit into the controversial topic of wood energy, which is indeed a complex topic; it is not a black and white discussion. The fact is that several countries, as we have said, heavily depend on imports to fulfil their renewable energy targets, and biomass plays, and will play in the future, a key role in the renewable energy mix; as you might know, 50% to 60% is based on wood. But on the other side, Europe's forests are growing in area and volume; all the latest official statistics show that. Several countries also have huge high-age-class forests, so from a carbon sequestration point of view more active management is needed. The resources are there, but they are not mobilised in that way. From our point of view, further potential could be explored without jeopardising sustainability.

The dependency on imports will probably continue, and we have to discuss how to use raw materials in the best way. From our point of view, "resource efficiency" is a much better term than "cascade use principle", because it is much broader and includes investment in energy-efficient technologies, which is also needed. We have good technologies in place in several Nordic countries and Austria, where wood energy has always been part of energy production and you can use raw materials in the best way and in a way that does not harm other industries. We often discuss the economics of the saw, timber and woodworking industry. They also very much pushed this principle, but they do not want it to come via a control mechanism with certain standards and so on. But of course they also want different, longer-lasting products to be used, which is something that we also support. As forest owners we want a huge palate of different products, and wood energy is one of them.

The Chairman: Just in the interests of time, because we are running over, I take it that you, from the public forestry-ownership perspective, agree with that.

Piotr Borkowski: Yes. Our approach to cascade use is that it is of course a principle of which we need a proper understanding, but we need to be sure that all this is market-based. Most of our members, even state forest organisations in the broadest sense, are operating on the open market, on budgets distinct from the state budget. So whatever restriction is imposed on the timber market of the Union will further challenge our members' operations. We have to remember that due to the economic situation over recent years, at least since 2008, the markets are in general very unstable. All those who operate on the open market are operating in relatively difficult economic conditions. Basically, from our point of view, we should not be placing any other restrictions on the market.

Q25 The Chairman: That is from your point of view. Thinking about European forestry, it seems to me that the arguments might be rather different in a European softwood forest from those somewhere else. What would your perspective be?

Saskia Ozinga: We need to realise that European forests are in crisis. Of the bird species in Europe, 8%, living in forests, are threatened with extinction, along with 27% of mammals. These are huge figures. There is a limit to what forests can supply. For some reason, our EU policies do not want to recognise that limit. Bioenergy is a huge problem, particularly in the UK. I do not know if you have seen recent letters from US scientists basically complaining to the UK and EU Governments that we are now destroying the forests in the US to meet our own bioenergy demands.

As Aljoscha said, bioenergy is a huge topic. Of course it needs to be part of the renewable energy mix, but we cannot assume that there is more than we can supply. If you look at the global supply—and we are a global market; that has to be the starting point—there is not enough forest to provide all the food, fuel and fibre that the world is going to need. That is a given. We have to use that as a starting point before we make policy. That means that the

policies need to focus first and foremost on energy efficiency and reduction. If we link it only to the forestry sector, we are missing the bigger picture. That is a real problem.

The Chairman: So this very much mirrors the biofuels debate. I see that.

Q26 Lord Plumb: I am a farmer. I have an interest in trees. We have ordinary wood trees that we call a forest and which you would not recognise as such, but we enjoy it. I am very interested in what has been said so far and I, too, want to get into that but I should not. As a farmer, I merely think that if the CAP perhaps followed the composition of forestry, we might be a lot better off. It is impossible for 28 countries to have a common anything, and we must not be put in that sort of position.

We are interested in the rural development fund. I note from this excellent paper, an excerpt from which I read with interest, that the role of the private forest owners is not acknowledged in the context of rural development policy and Natura 2000. You go on to look at the lack of vision after 2020. Would you like to tell us how successful it is, or perhaps has been, in supporting forestry projects, bearing in mind that there is an allocation of funds there? Of course there is now greater interest in the rural development fund after the previous round of the CAP than perhaps there was before. It is a question of its use and, indeed, the fairness between countries, recognising the importance of the growth of forestry areas and the use of timber.

Dr Aljoscha Requardt: Yes, this was one of the comments we put forward in the forest strategy as communicated from the Commission: forest owners were not necessarily well acknowledged as key players in rural development. On the role of the CAP RDP on the Commission side, a couple of months ago the latest figures on the uptake of the rural development funding for different forestry measures were reported for the period 2007-13. The figures are shocking. The uptake is dramatically low. For the first few measures, a total of 42% are used. You can discuss whether that is sufficient or not.

That is critical, particularly for forestry and environmental measures. For Natura 2000 we have an uptake of only 13%. That clearly shows that something has gone wrong. The compensation mechanism, which was promised to forest owners for these extra burdens to secure forest biodiversity and reach other policy targets, is not working due to different reasons. Yes, the forestry measures are not used in all countries. Some countries, like Finland, have their own national funding. Of course, they also have a rural development policy in line with the Commission policy, but they pay for forestry from their own pocket. In the southern and eastern regions, several countries are heavily dependent on this funding but, as the figures are now showing, the money is not flowing. This is something we have to seriously discuss, particularly in the case of Natura 2000. Together with the member states and the Commission, we have to evaluate the reasons for that. As you might know, 50% of the Natura 2000 sites are in forests, so approximately 25% of Europe's forests fall under this protection category. A lot of promises that money would flow were made to countries like Romania, Slovenia, Croatia and so on, to get them to assign their forests into that, but it is not coming. This is something we have already started to discuss, particularly with DG Agriculture and DG Environment, not only to provide us with the figures but to evaluate the reasons. Of course, in times of economic crisis, as you know, rural development funding is always co-financed as well as nationally. You cannot blame Brussels for that. It is the member states' decision whether they take forestry measures into their programme or not. In times of economic crisis, the focus is clearly on other measures. Most of the money goes into the agriculture sector and only a little is left for forestry aspects.

Lord Plumb: Is it because all the forestry owners feel that if they commit themselves to taking rural funding, they are committing themselves to move towards a common policy?

Saskia Ozinga: No.

Lord Plumb: Not at all?

Dr Aljoscha Requardt: In some cases, yes. I know that among our members—private forest owners—to go through the Natura 2000 and environmental measures procedure every year to apply for that funding incurs quite some bureaucratic burden. The funding provided is not really of high interest. Natura 2000 went in a slightly unfortunate direction at first because the landowners were not properly integrated into that discussion. Maybe this has improved since, but they feel that it is like land contaminants—it comes top-down and is a directive that they have to follow. As soon as you use funding you also now have to show forest management plans, so you have to give insight for that measure, at least. That is fine; the agricultural sector will also be using that. But yes, it might be that this is also the reason in some cases.

Lord Plumb: It might be interesting to get some figures for the competence on the amount per country.

Dr Aljoscha Requardt: We just got these figures recently.

The Chairman: If you could e-mail them over, that would very useful.

Dr Aljoscha Requardt: If I am correct, but I need to check again, I think the UK used quite some money for afforestation, but for Natura 2000 I think it was zero.

Saskia Ozinga: I agree with everything that Aljoscha says about this. The UK and every other member state of the EU has made a commitment to meet biodiversity targets. It is difficult to see how they are going to meet biodiversity targets if they do not use the money for Natura 2000 effectively. But they do not, and that is a member states' competence. The EU at the moment can do nothing about it. We think it would be very helpful if there were more directives in that direction to the member states.

Piotr Borkowski: I want to contribute a slightly different angle to the issue. In general, the Commission and the Union say that the implementation of Natura 2000 is the responsibility of the member states. If the member states are loaded with such a responsibility, they

usually go for the easiest solution. That is why my members, the state forests, are to a great extent ordered by whatever internal directive of the Government to implement Natura 2000. Finally, when the figures are provided from Brussels, it is about the countrywide percentage of area that was designated as Natura 2000 sites. Very often, it is much easier for the Government just to order any authorities that are directly controlled by them, then to make a contract with the private owner of the forest, and then to compensate them. This is often related to some measures that need to be implemented on a Natura 2000-designated site. The money then has to follow. That was the case for most of the east European EU member states, because it was just the easier way.

Q27 Lord Williams of Elvel: In your written evidence, you were quite critical of the arrangements for governance of the strategy which the Commission highlights. In particular, you seemed to think that the Standing Forestry Committee was slightly incoherent. It was not without a proper remit, but the two advisory groups did not quite know what they were meant to be doing. Could you say a little more about how you think that might be strengthened, and if it is necessary to strengthen it? Secondly, could you say how that might chime with what is happening with Forest Europe, which, as I understand it, is studying the possibility of a legally binding forestry agreement?

Dr Aljoscha Requardt: We commented on the chapter on EU forest governance. From our point of view, the chapter was rather weak and not very concrete. The different comitologies were mentioned. That is positive. The Standing Forestry Committee was mentioned. The Advisory Group on Forestry and Cork brings together different stakeholders and forest owners. Then we have the Advisory Committee on Forest-based Industries. There are different bodies in place, but the reality is that these bodies are very weak in their mandate, particularly the Standing Forestry Committee. If that committee wanted to block a certain policy, like the plant propagation material regulations two years

ago, under which forestry was brought into very horizontal regulation structure and merged with lots of agricultural and other material, the Standing Forestry Committee made very clear that it did not want to move that way. Still it moved on. Last year we also had to discuss how to continue with the Advisory Group on Forestry and Cork. In the next couple of weeks we will see whether the Commissioner moves forward or not with an advisory body to DG Agriculture to bring the different forestry stakeholders to Brussels together. There were also several rumours floating around that forestry might be dropped as a subject, or that it might be merged with environment and agriculture aspects. From our perspective it is important to keep on with these bodies, to strengthen them, to encourage the different member states and stakeholders to get active, to nominate good candidates, to feed into the debate and to make sure that resolutions are adopted after each meeting, which are then recognised by the Commission and other EU institutions in the process.

Lord Williams of Elvel: Presumably this is part of the argument about the role of member states versus, as it were, the Commission as a central authority. The more you strengthen the Standing Forestry Committee, the more you get close to a common forestry policy. Forest Europe is really looking for a common, legally binding forestry policy.

Dr Aljoscha Requardt: Yes, this was the attempt to develop something more concrete than we have nowadays. I know that on the environmental end use aspect they are always rather critical of the LBA, but for us there is only one purpose, and that is to make SFM recognised in a legal reference. Climate change people and biodiversity people have a convention, different strategies and very concrete regulations and directives that come with very concrete elements. In our sector we have nothing. We are the ball that is somehow kicked by different players without any reference. You are recognised by these people only if you have a legal reference. That was why we supported the LBA. Unfortunately, due to the conflicts between the EU, Russia and other countries, I would not say that it is a dead

process yet but we can say more or less that the game is over. Particularly with the Ukraine crisis, this will not move forward, which is a pity, because in our opinion this would very much help the standing of the forest sector.

The Chairman: Very quickly, because we still have a few more questions, would you like to say something?

Piotr Borkowski: I am fully in line with what my colleague just said about the LBA. Going back to the strategy, even if we as an association supported this, because basically this is the only strategy document that co-ordinates and regulates forest-related issues and policies at the EU level, the part dealing with co-ordination and communication, which means forest governance in the EU, is the weakest one, not only because it was proposed by the Commission, which means no new quality compared to the previous strategy, but because I honestly do not see any big demand on the member state side to enhance the governance, by which I mean the role of the Standing Forestry Committee as the only body in which the forestry administrations from the member states are represented. Its role is advising mainly DG Agri, but not only that, because DG Agri co-ordinates on behalf of the whole Commission. This is the element that I do not really understand from the point of view of how the member states approach this. Why do they not try to strengthen the institutions in the EU in which they are represented and through which they can have more influence on EU developments relating to forest policy and forestry?

The only thing I would say with regard to the LBA is that we still hope that this is going to happen one day, but when it comes to re-evaluating the current strategy I think it should be able to translate and implement the commitments from the legally binding agreement at the EU level. This should be one of the strategy's main roles.

Q28 Lord Whitty: One of the themes of the Commission's approach was strengthening the knowledge base on forestry, and that touches on an area where the EU has some

competence, both for R&D and for plant disease, for example. Do you have any views on how better co-ordination or a build-up of knowledge in that area could be helpful and a useful Commission role?

Dr Aljoscha Requardt: On the point about the knowledge base, first, there are plenty of data available. We have quite sophisticated monitoring and data collection instruments and processes in place in the different countries, but when you look at the huge spectrum of sustainability aspects, several data on social economics are rather weak. For example, we have been talking about the accounting of ecosystem services for ages, but not much is really happening there. In Europe we have very complex and diverse ownership structures that constantly change, especially in the East due to the transition, so more up-to-date information is needed. In Brussels we had a forest focus regulation until 2006, which was a key instrument in monitoring health and vitality aspects. This expired, and there is no other instrument in place yet. The subject has also changed. Now the focus is on the green economy, energy and climate change aspects, and the whole forest sector contribution to the bio-economy is not well communicated. Although data might be available, maybe when we talk about the knowledge base we also need to talk about communication. The forest sector is very weak in its communication compared with other sectors, and this is something where maybe the EU could help with certain instruments or initiatives.

Saskia Ozinga: I think research is always useful, but it is particularly useful where it influences and informs policy. One of the problems that we have in the EU is that there is not even a common definition of a forest among the different member states. That makes it very difficult to compare what is happening and to report, which the EU is required to do for instance on the Kyoto Protocol and the land use and adjacent land-use forestry measures. There is a lot of incoherence and inconsistencies, and it would be really helpful if there were fewer of them in terms of making coherent policies across the board.

I just want to comment on the LBA, because that is one point on which I disagree with my colleagues here. The environmental NGOs at large, and that includes the whole spectrum, from the radical NGOs to the very conservative NGOs, were against the legally binding agreement, because we felt very strongly that it did not add anything to the current situation. In fact, in a desperate attempt to keep Russia on board with a legally binding agreement, the other countries basically went down and down in relation to the standards, including the democracy standards—namely, the inclusion of stakeholders in the process. We felt that we ended up with a text that was incredibly weak and would almost undermine the existing situation, and that is why we were not in favour of it. We would also not be in favour of the process being revised unless there was much stronger content to it than there currently is. I agree with colleagues that the forestry sector is weak and should be strengthened, but I really do not think that the LBA is any way to do that.

Q29 Baroness Parminter: What are your hopes for the proposed review of the EU timber regulation next year?

Saskia Ozinga: My hopes for the proposed timber regulation are that its good design is going to be recognised as well as the weak implementation of it. The regulation is very progressive in the sense that it makes very clear where the liability lies, unlike, for instance, the biofuels directive, which is incredibly weak on liability. It basically says that you get EU subsidies and can count towards the target when you have sustainably produced biofuel. That is defined as meeting one of the criteria of the certification schemes, but if the certification schemes are faulty, who is going to be liable? Not the EU or the operator, so there is a liability gap there. That is not the case with the EUTR. The EUTR is miles better than that regulation, because it clearly puts the liability on the operator. That is huge progress, and we hope that that system stays in place. Having said that, the implementation today is very weak, because all the competent bodies in the member states are not really up

to the job, so we hope that is recognised. There are also two loopholes in it. One relates to furniture, the other to printed paper, and we hope that will be addressed in the review.

Dr Aljoscha Requardt: So far we have not heard that many concerns from our members about the EUTR. It seems to move on, but probably because several of the countries are not really advanced in their implementation of it. Several countries have problems setting up the competent authorities, and there is a question of resources in the respective authorities, ministries and so on. Maybe this will change as soon as these bodies are fully established and there is more control, and we will get concerns from our members.

Saskia Ozinga: Your members want legal, surely.

Dr Aljoscha Requardt: Yes, but because in Europe we already have the instruments in place, we believe that in the end the EUTR should not place any big burden on forest owners. There should be no new drastic changes in the way you sell your timber, or whatever, to customers. But we hear that some countries, such as Luxembourg and Austria, apparently have some changes and some conflict with some forest owners because of new procedures, new bureaucracy and new data requests. We on the CEPF side will have this on the agenda at the end of this year, and in 2015 we have to get in close contact again with our members to hear what is really happening on the ground.

The EUTR is already adopted, but one thing we will also bring forward is its relevance to the SFM criteria to be developed. We believe that they are linked. You could use some of the mechanisms in the EUTR in the SFM criteria and procedure. Finland proposed two years ago linking the sustainability aspect in the EUTR, but it was blocked because they said that it was just about legality. Those things are closely connected, and I think there is an opportunity to use that instrument without creating any new instrument that creates a burden. The risk assessment procedure in the EUTR is quite a promising approach and might help EU players to report on SFM criteria and to move on this with their management and production.

Piotr Borkowski: Just a short comment on the legality of timber that is put on the EU market by my members as operators in this market. This is not an issue. They can easily comply with all the necessary documentation, because all the documents they need to prepare are regulated by the internal organisational systems. Of course, the implementation is interesting. This is relatively new legislation on forests. It is basically one year since it came into force, and at least the commissioner now assesses that more or less half the member states are doing relatively well on implementation, while the other half is delayed or has certain problems.

On the question of whether this is an efficient law for monitoring what is going on, we can already say that it is, because there has already been a case of timber imported, if I am correct, from the Democratic Republic of Congo, which was reported by Greenpeace. The timber was found in Germany, which seized the timber from the market. The Czech Republic did not intervene in this, but maybe this first case is already a good example of what needs to be improved so that we can have well functioning EU legislation on this. Of course, the first review is to be done by the end of next year, and this is good amount of time to get information on what is going on.

I wanted to refer to this ongoing discussion, because one of the most important actions included in the new EU forest strategy is the work on the sustainability criteria for forest management. For a number of member states, the best way to approach the sustainability of forest management was to look at EU timber regulation from the point of view of what needs to be done in addition to what the EU law says now in order to extend it to sustainability. Maybe it is also a good solution to approach the issue from this angle. However, we should be aware that this new EU legislation, which has been in force for only one year, will need to be modified to cover sustainability, because it is not easy to go from legality to sustainability.

Saskia Ozinga: I am pleased that you asked about the EUTR, because there is one example of where the timber industry is unfairly compared with other industries. We were 100% behind the EUTR, but the illegal conversion of land for agriculture is a huge issue, and by far the most important cause of forest loss globally is the conversion to agricultural land. A large percentage of that—probably more than 50%—is illegal, but products coming from that conversion can be imported into the EU with impunity. The EU is by far the largest consumer of those products. We consume twice as much as China, Japan, and the whole of that region combined. We are huge importers of illegally produced soya, palm oil, beef—all those types of products—and they are being imported without any restrictions, so it would be really helpful if there was another EUTR, EUTR-plus, or whatever you call it, that really tried to stop the import of those products. That would also provide more levers for the forestry sector, which is now targeted only.

The Chairman: With that, thank you to the three of you for coming today and giving your time and for your written evidence. Thank you very much indeed.