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Plenary Session

Present and future role of forest resources in the socio-economic development of rural areas

The role of Forests in the frame of future Rural Development Policy *European Commission, DG AGRI*

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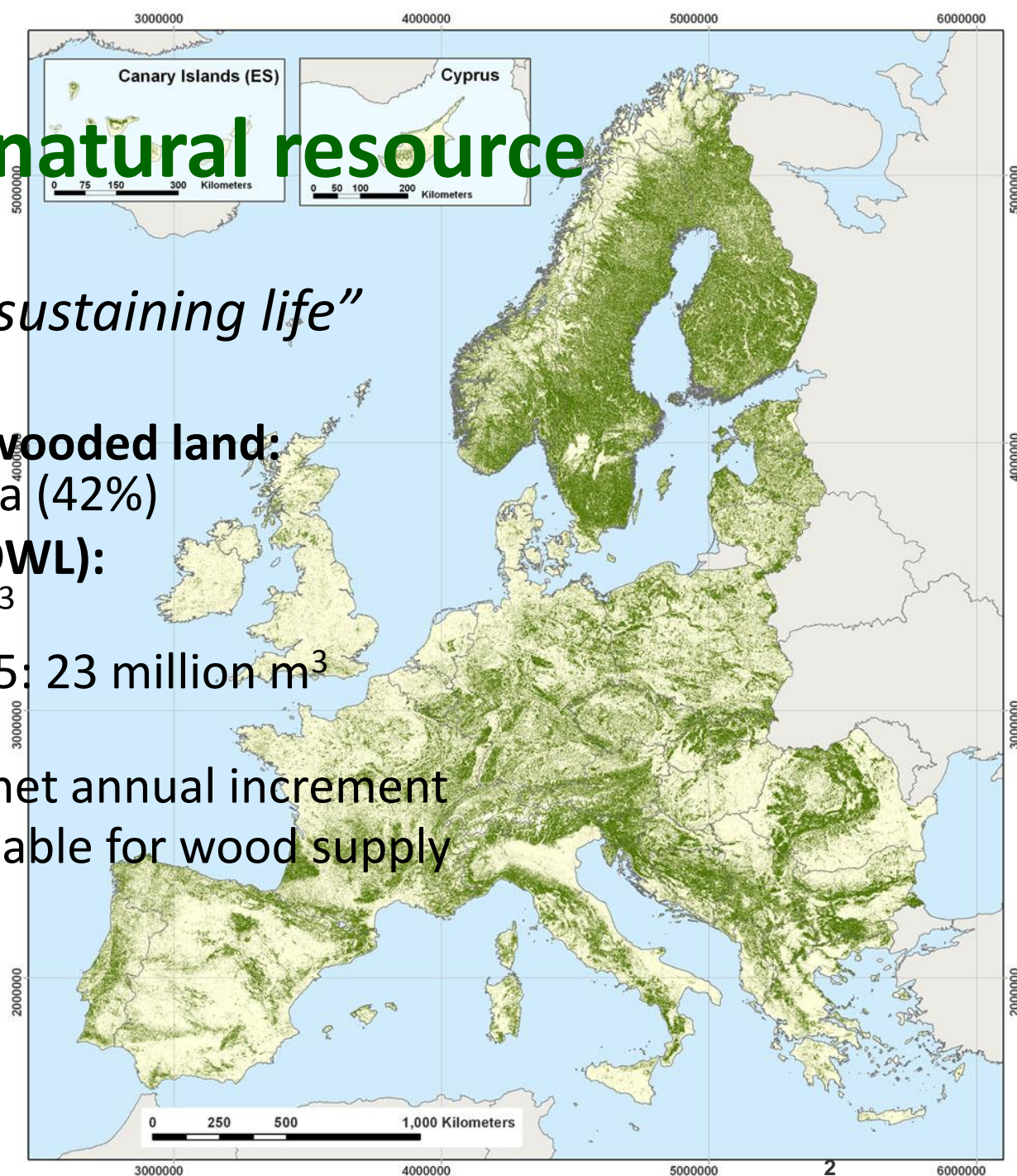
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Forests as a natural resource

“Europe’s forests sustaining life”

- **Forest and other wooded land:**
 - 178 million ha (42%)
- **Growing stock (FOWL):**
 - 24 million m³
 - data for 2005: 23 million m³
- **Felling:**
 - 60 % of the net annual increment in forest available for wood supply

Based on FRA 2010 data



Employment in the forest-based sector (2009)

- Employees in forestry and logging: 382 000
 - Self-employed: 111 000
 - Manufacturing of wood, products of wood and cork (employees and self-employed): 1,2 million
 - In total 1,7 million in forestry and manufacturing of forest products
 - Manufacturing of paper and paper products: 689 000
 - In total 2,4 million people in the forest-based sector
- 1.5 % of EU GDP (2.3 % for agriculture)
- about 10 % of the total added value from manufacturing.



Carbon stocks in EU forests

- Total carbon stock in EU forests (FOWL) was estimated at 30 848 million tonnes
 - 58 % in soil,
 - 26 % in aboveground biomass,
 - 8 % in litter,
 - 7 % in below-ground biomass and
 - 2 % in deadwood.
- The most significant total amounts of carbon in absolute values in Finland (5 429 million t), Sweden (4 667 mio t) and Spain (3 069 mio t).
- Carbon emitted every year is nearly one seventh of the carbon stored in the EU's forests

Forestry in rural development programmes for 2007 - 2013

- As there is only one „exclusive“ forestry measure (measure 122) in axis 1 it is difficult to estimate the total share of forestry related expenditure.
- Total expenditure on measure 122, improvement of the economic value of forests, is EUR 652,1 million.
- Considering that forestry is present in 7 other measures it could be estimated that at least EUR 1 – 1,5 billion will be spent on forestry-related actions in axis 1.
- There are seven forestry measures in axis 2.
- The share of forestry measures from the total of the axis 2 EAFRD budget is EUR 5.5 billion, (6.1 % of the total available budget for rural development).

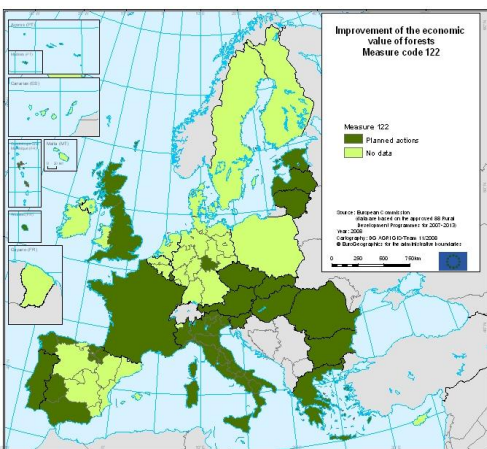
Summary

- Adding together the financial resources intended to be made available
 - for forestry-specific (EUR 6.2 billion)
 - and other forestry-related measures in Axis 1 and 3 (EUR 1-2 billion)it may be concluded that during the programming period 2007-2013 around EUR 8 billion will be made available from the Community budget (EAFRD) and up to EUR 16 billion in total.
- These amounts correspond respectively to 9 % of the EAFRD funding (the total EAFRD budget is EUR 90.8 billion.) and 7-8 % of the total amount of financial resources.

Allocation of funds for forestry measures **Preliminary** implementation data

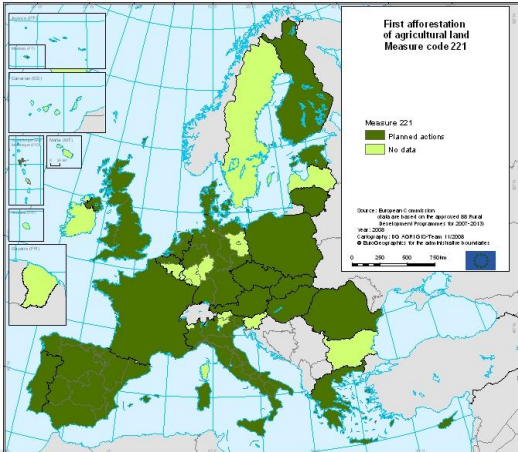
	Expenditures planned				Implementation			
	Public	Eafrd	Private	Total	Eafrd 2007-2009 expenses		EAFRD 2007-2010 expenses	
	(€ million)	(€ million)	(€ million)	(€ million)	(€ million)	% of planned Eafrd	(€ million)	% of planned Eafrd
Axis 2 measures with relevance to forestry								
221 First afforestation of agricultural land	3659,4	2410,7	576,0	4235,3	487,9	20,2%	682,1	28,3%
222 First establishment of agroforestry systems on ...	32,4	22,7	14,4	46,8	0,0	0,0%	0,0	0,1%
223 First afforestation of non-agricultural land	596,2	360,8	181,8	778,0	21,6	6,0%	48,7	13,5%
224 Natura 2000 payments	158,6	110,6	0,0	158,6	3,7	3,3%	7,2	6,5%
225 Forest-environment payments	438,8	265,3	6,4	445,2	10,9	4,1%	17,5	6,6%
226 Restoring forestry potential and introducing prevention ...	2474,2	1553,0	307,0	2781,2	217,6	14,0%	389,6	25,1%
227 Non-productive investments	1379,8	808,9	216,9	1596,7	71,2	8,8%	131,4	16,3%
Axis 2 forestry measures	8739,4	5532,1	1302,4	10041,8	812,9	14,7%	1276,5	23,1%
Axis 1 forestry measure								
122 Improvement of the economic value of forests	1000,6	652,1	1010,0	2010,7	50,8	7,8%	91,4	14,0%
Total for eight forestry-specific measures	9740,0	6184,2	2312,4	12052,4	863,7	14,0%	1367,9	22,1%

Axis 1



• Measure 122; Improvement of the economic value of forests

- 50 programmes (AT, BG, CZ, EE, EL, ES(7), FR(5), DE(1), HU, IT(20), LV, LT, LX, PT(3), RO, SK, SI, UK(2)).
- Investments may cover actions such as thinning, pruning and improving the species composition or structure of the forest stand and with certain conditions it may include harvesting equipment.
- *Reports on financial implementation 2007- 2009 show that 18 MS reached an average implementation rate of 8,3% and 14,0 % by the end of 2010. The highest uptake was achieved in AT (46%) , SI (60%), FR (37% but Hexagon 46%) and CZ (41%).*
- *Progress on indicator: 7473 number of forest holdings support realised from the 68 057 target (11.0%).*
- In general, the implementation rate vary widely within a Member States with regional programmes, e.g. 0-200% in ES or IT.

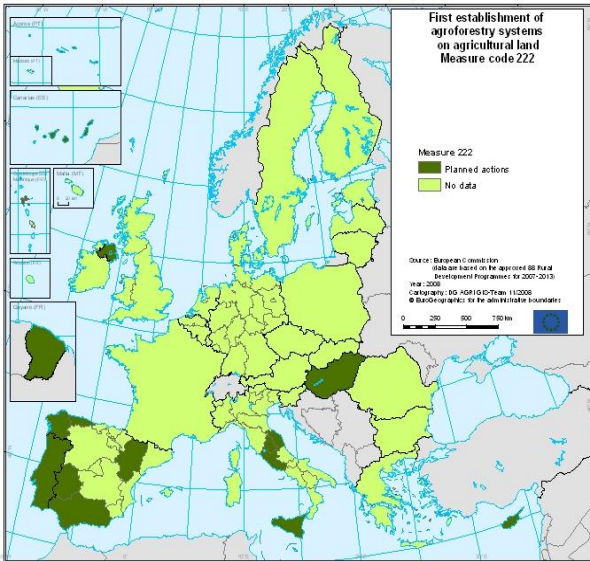


Axis 2, Measure 221; First afforestation of agricultural land

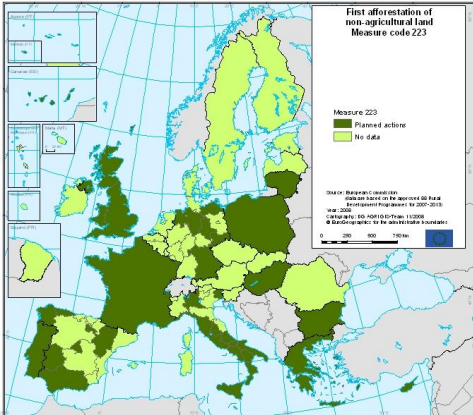
66 programmes in AT, BE, CY, CZ, DK, EE, EL, ES(11+5 old), FI(old commitments from the previous programming period), FR(2), DE(8+1 old), HU, IT(16+2 old), LT, NL, PO, PT(3), RO, SK, UK(4).

- *Reports on financial implementation by 2009 show that 20 MS reached an average implementation rate of 20,2%, and **28.3% by 2010.***
- *As a general tendency, the MS with high financial implementation show no progress or a very low level of advancement in terms of indicators, this is the case in FR, FI, PT, EL and NL, a tendency that might be explained by payments made for previous commitments. Furthermore, BE, UK, ES and DK are having a financial implementation above the EU average, and also registered progress on output indicators.*
- *Indicator development:*
 - *72 265 ha afforested land from the target 566 434 ha (12,8%)*
 - *14 102 beneficiaries from the target 102 865 (13,7%)*
- *The preliminary (average) financial implementation in regionalised MS: **DE 22%, ES 41%, FR 164%, IT 25%, PT 50% and UK 45%.***

Measure 222; First establishment of agroforestry systems on agricultural land



- 17 programmes, mainly in the Mediterranean regions (CY, ES(6), FR(2), HU, IT(5), PT(2), UK(1)) include this measure.
- However, also Hungary and Northern Ireland have selected this measure into their programmes and more than 3000 beneficiaries will establish new agro-forestry systems on 60 000 ha.
- *No progress has been reported till the end of 2009.*
- Small progress in **2010 (0,1%) with HU 2%.**



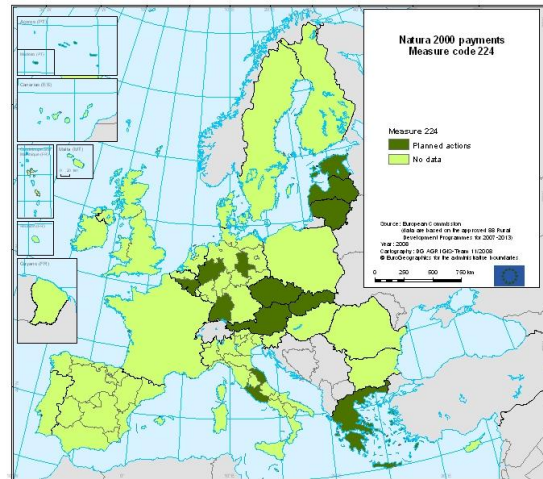
223: First afforestation of non-agricultural land

There are 41 programmes (BG, CY, EL, ES(8), FR (old), DE(5), HU, IT(13), LV, LT, PO, PT(3), UK(4)) in which afforestation of non-agricultural land is targeted

*Reports on financial implementation by 2009 show that 12 MS reached an average implementation rate of 6,0%. **(13,5% by 2010)** The highest uptake can be seen in FR (but the lack of progress towards output targets indicates that payments have been made for previous commitments). The remaining Member States programming this measure are under 15% financial uptake.*

- *In general, the progress on indicators tends to be slightly higher than the financial implementation rate. This is the case in CY, DE, ES, LT, LV and UK.*
- *Indicators:*
 - *19 457 ha afforested from the 218 893 ha target (8,9%)*
 - *2256 beneficiaries from the 42 876 target (5,3%)*
- **Portugal; Continent 2%, Madera 13%. Others; ES 27%, FR 98%, IT 0,4% and UK 22%**

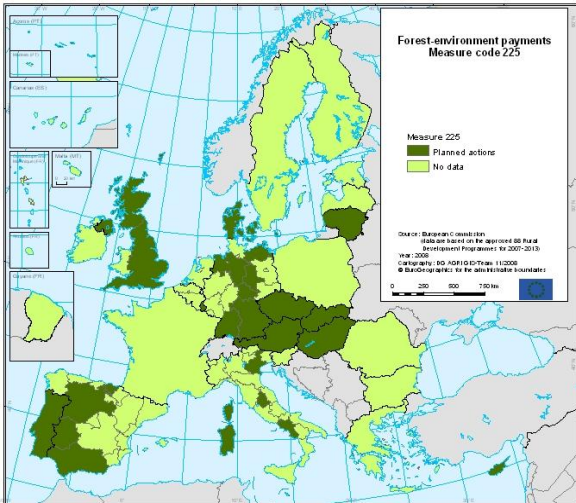
Measure 224; Natura 2000 payments



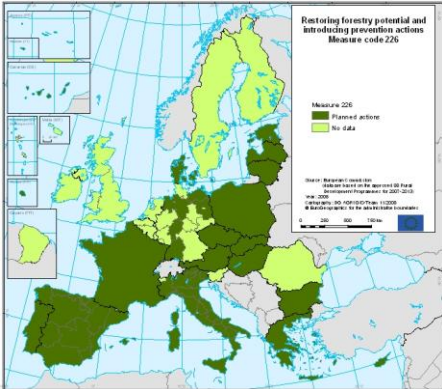
- This new measure has the lowest uptake among the forestry measures: it is included in 15 of the 88 RDPs (AT, BE, CZ, EE, EL, DE(3), IT(2), LV, LT, PT(2), SK).
- *Reports on financial implementation by 2009 show that 10 MS reached an average implementation rate of 3,3% and **6,5 % by 2010.** The only MS above 10% uptake is SK (with indicator progress between 13.6%-45.3%).*
- *Indicators:*
 - 71925 forest land supported from the target 344 026 ha (20,9%)
 - 4075 forest holdings from the target 42 186 (9,7%)
- **2010 preliminary data; EE 13%, LV 10%, SK 16%, DE 6%. Portugal (2%)**

Measure 225; Forest environment payments

• The uptake of forest environment payments is more frequent than Natura 2000 payments. 28 programmes (AT, CY, CZ, DK, ES(4), FR(1), DE(6), HU, IT(4), LT, LX, PT(2), SK, UK(3)) include this measure.

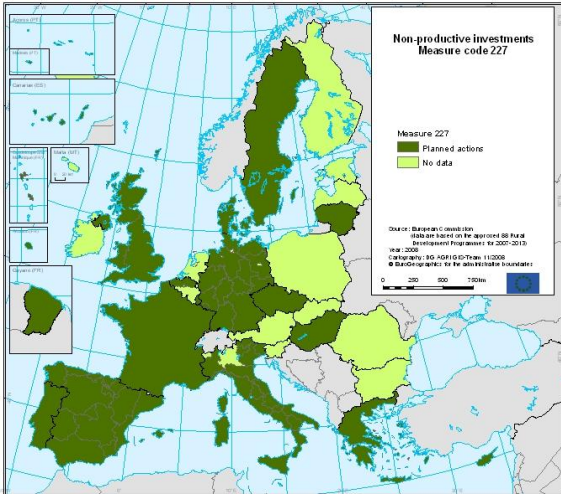


- Financial implementation by 2009 in 14 MS reached an average implementation rate of 4,1%, and **6.6% in 2010**. Only DE shows a rate above 10% (**16% in 2010**), with output indicator progress above 50%.
- The remaining Member States, scoring below 10% are AT, DK, ES (**11%**), LT, LU (**9%**), PT (**5%**), SK and UK (**13%**) (UK is having extremely high rates in completion of indicators, with the targets nearly achieved, despite the low level of financial implementation). Further 5 MS show no progress at all: CY, CZ, FR, HU and IT. **IT reached 7% in 2010**,
- Indicators:
 - 8747 contracts from the 75 884 target (11,5%)
 - 5131 forest holdings from the target 74 168 (6,9%)
 - 187256 ha physical forest area from the target 919 762 (20,4%)
 - 211 886 ha total forest area supported from the target 1442787 ha (14,7%)



Measure 226; Restoring forestry potential and introducing prevention actions

- Altogether 60 programmes (AT, BG, CY, CZ, DK, EE, EL, ES(17), FR(3), DE(5), HU, IT(20), LV, LT, PO, PT(3), SK,) contain prevention or restoration measures related to forests.
- *The financial implementation by 2009 in 16 MS reached an average implementation rate of 14,0%, and 25% in 2010.*
- *Indicators;*
 - *show that 19 370 actions from the target 119 382 (16,2%) and more than 4.5 million hectares have been supported (more than 4.300 fire prevention and 43 restoration actions)*
- Implementation in 2010: AT, 71%, CY 39%, CZ 23%, DE 56%, DK 99%, ES 25%, FR 51%, IT 18%, PT 1% (but Madera 22%),

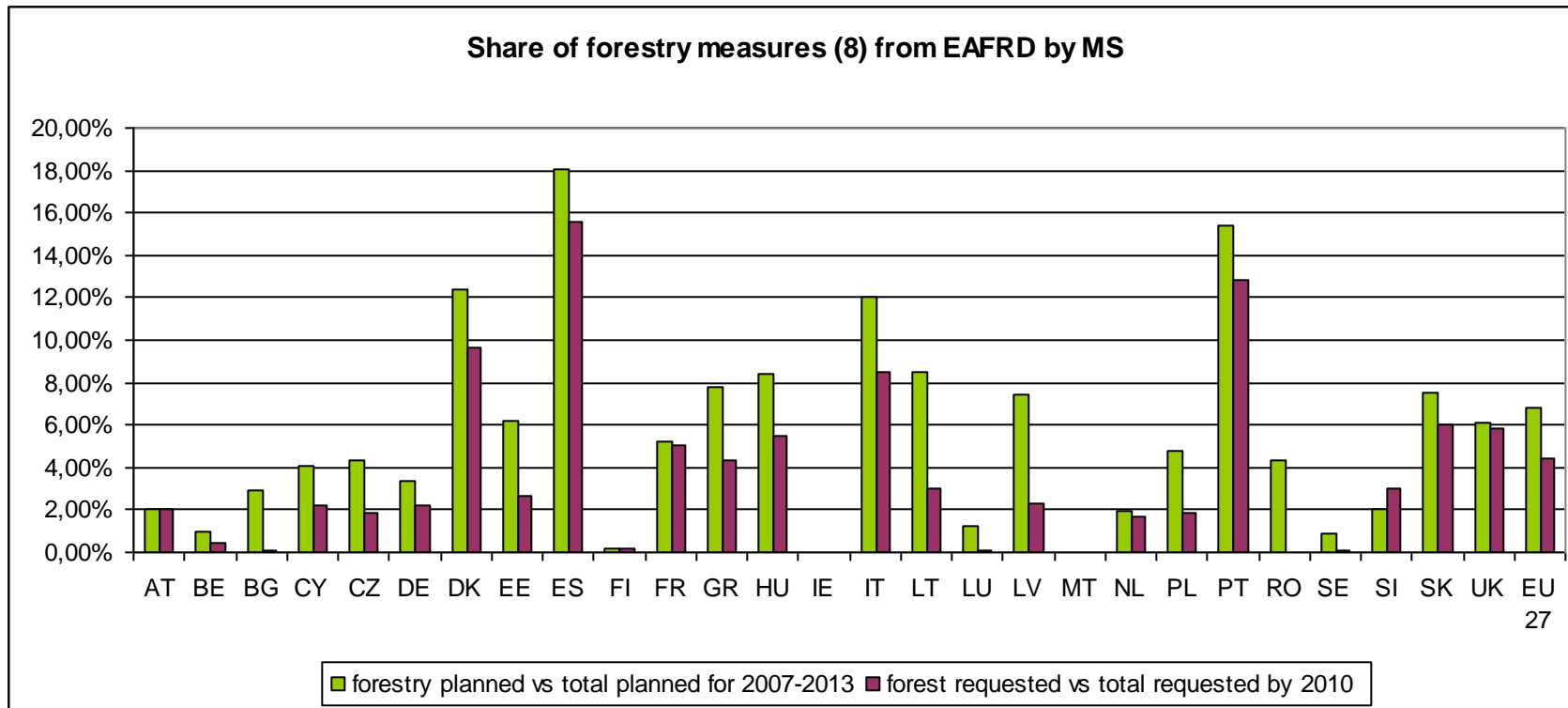


Measure 227; Non-productive investments

The total number of application is 71 (BE, CY, CZ, DK, EL, ES(17), FR(6), DE(13), HU, IT(19), LT, LX, PT(3), SE, UK(4)). The reasons for applying this measure vary widely and can aim at increasing the environmental/ecological or social value of forests.

- *Financial implementation by 2009; 15 MS reached an average implementation rate of 8,8% and 16% by 2010.*
- *A progress above 15% has been recorded in DE 23% 33% in 2010 (where this is financially the most important forest measure, the indicator progress is at 43.8%), CZ (with 60% indicator progress and 19.6% financial uptake), BE (with 43.3% indicator progress and 15.5% financial progress) and UK (32.4% indicator progress, 15.1% financial uptake) and DK. This shows a general trend that in MS with a relatively high financial uptake, the indicator progress is much more advanced than expected (only exception is DK).*
- *Indicator: 39 411 forest holders supported from the target 136 876 (28,8%)*
- **Implementation in 2010: BE (FL) 43%, CZ 47%, DK 30%, ES 15%, FR 7%, IT 8%, LT 7%, UK 27%, PT 1% (Madera 45%),**

Relative importance of forestry measures in MS programmes



The planned expenses for forestry measures (122, 221-227) represent 6,8% of the total EAFRD budget for 2007-2013 at EU 27 level. The requested amount for forestry measures by the end of 2010 represents 4.4% of the total requested EAFRD payments.

Why do we need a reform?

To respond to challenges ahead

Socio-economic challenges

- Income gaps
- Price volatility, risk management
- Competitiveness, production capacity

Environmental challenges

- GHG emissions
- Soil depletion
- Water/air quality
- Habitats and biodiversity

Territorial challenges

- Vitality of rural areas
- Diversity of EU agriculture
- Rural areas lagging behind

Contribution to Europe 2020 strategy

Complementarity between the two pillars,
synergies between policies

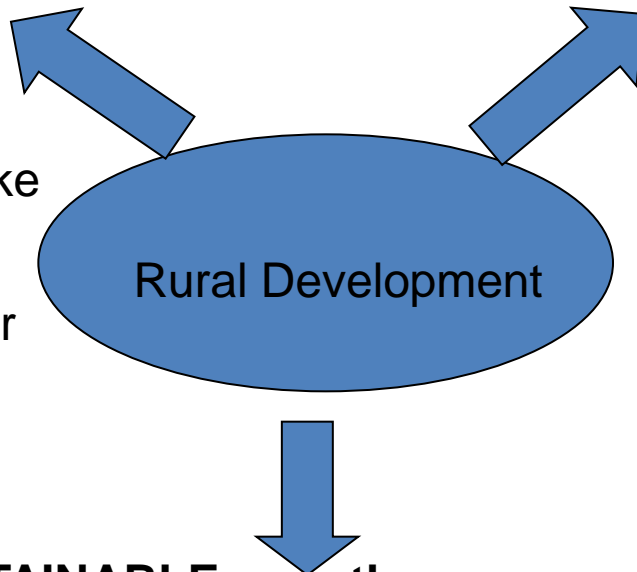
Orientations for rural development

- Environment, climate change and innovation as guiding themes
- Improved coherence with other EU policies
- More effective delivery mechanisms
- Strengthen the strategic approach
- The “toolkit” is already extensive – including for forests and forestry
- Address risk management
- Review of distribution criteria

The way ahead: link with Europe 2020

SMART growth:

- Supporting innovation and skills, green technologies and uptake of research
- Providing incentives for social innovation



INCLUSIVE growth:

- Unlocking local potential, diversifying rural economies, developing local markets and jobs
- Opening opportunities to accompany agricultural restructuring

SUSTAINABLE growth:

- Increasing resource efficiency
- Reducing emissions, enhancing carbon sequestration and developing bioenergy
- Ensuring sustainable land management and addressing biodiversity loss

Objectives of the future RD policy

1. Contributing to the **competitiveness of agriculture**, by promoting innovation and restructuring and enabling the farm sector to become more resource efficient;
2. Contributing to the **sustainable management of natural resources**, by taking care of the environment and agriculture's resilience to climate change and the countryside, and maintaining the production capacity of the land;
3. Contributing to a **balanced territorial development** of rural areas throughout the EU by empowering people in local areas, building capacity and improving local conditions and links between rural and urban areas

The way ahead: strengthening the strategic approach to RD

- A **Common Strategic Framework** with the other EU funds will improve coordination and increase synergies and complementarities;
- The broad objectives of the RD policy will be translated into a limited set of EU priorities for action;
- The tool-kit of rural development measures will be streamlined and simplified, with a focus on better targeting towards the EU priorities;
- Reinforced provisions concerning programming will ensure a balanced and targeted coverage of specific territorial conditions and needs;
- The establishment of quantified targets at programme level will ensure an accurate follow-up of the progress of the programmes in achieving the EU priorities;
- The monitoring and evaluation system will be reinforced in this respect.

Forestry in EU Rural Development Regulation post 2013 – state of play

- Proposals are under preparation based on several background information, including the “Opinion of the Standing Forestry Committee on forestry measures in rural development”
- http://ec.europa.eu/agriculture/fore/opinion_en.htm

**Opinion of the SFC; on Forestry measures
in Rural Development post-2013 (22/7/2009)**

**The Standing Forestry Committee urges the Commission to
consider;**

- a)
- provide the same possibilities for forestry actors for setting up of management, relief and advisory services as is provided for farmers,
 - reintroduce the support for the establishment of forest owner associations or producer groups,
 - widen the eligibility for support to investments in the improvement of the economic value of forests to cover the most relevant operators, including contractors,
 - widen the eligibility for support to investments for adding value to forestry products to small as well as micro-enterprises;

Opinion of the SFC cont.

- b) simplify and clarify the eligibility criteria for support to forest management and for processing and developing forestry products,
- c) where appropriate, use of standard costs or area based as an alternative to the invoice based system, and give Member States the choice to apply the best suitable system,..
introduce easier notification procedures of forest measures,
- d) define clear criteria for Short Rotation Coppice and fast growing tree species for short term rotation,

Opinion of the SFC cont.

e) in order to encourage afforestation,

- streamline the eligibility criteria for beneficiaries and support rates for the different aspects of afforestation measures and include support for maintenance costs to all type of first afforestation,
- consider allowing supplementary payments to cover additional expenses in cases of natural disasters such as droughts, in order to reduce the risk of loosing the initial investment;
- revise the support rates for the establishment costs and allow the possibility of combining these with state aid up to 100 %,
- to avoid the possibility of contradictory interpretations, clarify the requirements for designating areas for afforestation;
- include municipalities and semi public bodies to eligible target groups (e.g. by making them eligible for support to cover maintenance costs);

Opinion of the SFC cont

- f) in order to facilitate the protection of high nature value forests, provide more flexibility in the application of forest environmental and Natura 2000 measures as regards both the upper and lower ceiling, ...and consider making public forests under certain conditions eligible for support to environmental actions,

- g) revise the eligibility conditions for prevention and corrective measures, considering drought and exceptional outbreaks of biotic agents as eligible basis for prevention and restoration actions,

- j) combine measures “improvement of the economic value of forests” with “adding value to forestry products”,
- m) combine support to actions primarily aiming at environmental or recreational services with a possibility for providing economic benefits in the long term,
- n) create specific and more effective measures for supporting forestry in mountainous areas securing the environmental, economic, risk prevention and social functions of mountain forests, including opening the possibility for support to agroforestry systems,
- o) to introduce a new measure „in situ and ex situ-conservation and promotion of forest genetic resources” considering the climate change challenge,

Road ahead

Expected timing;

- DG AGRI legal proposal for inter service consultation in September
- Commission legal proposal for the Council and the Parliament mid-November
- Preparation of the implementation rules in 2012

