

SBHSS' Policy Group on Forestry**Input Paper on forest related initiatives of the new Commission 2024-2029****Introduction**

The regions of Småland Blekinge Halland situated in the south of Sweden have an ambitious record of active engagement in EU policy and cooperation. The regions of Småland Blekinge Halland are forested regions, with diverse woodlands that cover 71 % of our landscape and which contribute considerably to Swedish welfare as well as supplying invaluable ecosystem services, soothing escape, and cultural inspiration to our citizens. 83% of the forest are owned privately by many small forest owners (average 34 ha). Our citizens live in, by and from the forest and care deeply for it, as it is a part of their cultural identity and heritage. Small scale ownership and awareness of working with complex and sensitive ecosystems have also led to relatively small-scale logging practices.

The standing forest volume has doubled in the past 100 years through ambitious forest management and strong legislative support. In the western region, large areas of heathland have been reforested over the past 100 years. Forest growth is among the highest in Europe, and we have areas with unique nature values. In terms of turnover, added value and employment, the southern Swedish regions are the most productive in Sweden. In addition to production values, nature values, cultural environment values and opportunities for recreation, the forest also has an important role to play in the transition to a bio-based economy and in reducing climate impact. The forest and services delivered by it are very important for our regions and they are part of the solution of many of today's societal challenges. Thus, Småland Blekinge Halland plays an important part in delivering on the goals of the Green deal. Småland Blekinge Halland South Sweden acknowledges the value of tackling common European challenges related to forests and the forestry sector, together.

SBHSS' Policy Group on Forestry and the position paper on the EU's new forest strategy 2030

With the aim to better coordinate forest related policy questions amongst the regions of Småland Blekinge Halland and to enable a more rapid response to policy initiatives by the EU, the SBHSS Policy Group on Forestry was established in 2021. The group has since then produced a position paper on the EU's New Forest Strategy for 2030 which has guided its activities on EU and national level.

With this current paper the regions of Småland Blekinge Halland South Sweden want to continue the dialogue with the EU Commission and based on the EU's New Forest Strategy for 2030, provide new input and feedback for the coming European Commission for the years 2024-2029.

Our suggestions are listed in the following section. If you have any questions or want to know more about the forest related matters related to the SBHSS' regions, please contact EU Policy Officer, Martin Broberg (Martin.broberg@sbhss.eu, +32 492 45 48 92).

Selection of topics covered by the input paper:

- New certification scheme for closer-to-nature forestry
- Public and Private Payment Schemes for forests
- Creating balance and coherence on EU forest related policy across DG's
- Importance of replacing fossil-based products with renewable wood-based alternatives
- Sustainable private forest ownership
- Importance of cooperation for climate change adaptation

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Småland Blekinge Halland South Sweden's input for the new Commission

The regions Småland Blekinge Halland South Sweden want to play a constructive part in the dialogue on forest related issues on both EU and national level. In that spirit, this paper intends to provide the European Commission with input related to forest policy for the coming years.

1. Legislation with stable long-term market incentives and guidelines adjusted to different ownership structures

- The Green deal has in many ways been a blessing in terms of conceptual packaging. For too long it has been a challenge for national and regional actors to get an overview of different EU policy strategies and initiatives and how they interlink. SBHSS wants to encourage the Commission **to create more coherence between EU-policy, across DG's, as well as creating a balance between different aims and objectives**. While trying to cope with greenhouse gas emissions, climate change and loss of biodiversity we need to find the right balance between different aims (e.g., between replacing fossil fuels and materials, raising carbon storage and restoring lively ecosystems). How to achieve this balance is a complex question and we need to be aware of regional differences in the potential to help fulfilling the different aims in the different sustainability dimensions (environmental, social and economic). Higher climate ambitions are something we fully support and encourage, but based on previous experience (e.g., taxonomy, LULUCF, revision of the Renewable energy directive, proposal on a directive on nature restoration), we have seen proposals that might have consequences that counteract the aims.
- Forest-rich regions contribute most to limiting climate change when their resources are used to replace fossil-based products, i.e., not only as a carbon sink or for carbon storage. Through the rapid forest growth in our regions, Småland Blekinge Halland can best contribute to binding additional carbon in growing and cultivated forests, by storing carbon in wood based-products and by creating new products that replace those based on fossil raw materials (3S – sink, storage, substitution). **As the effect of forests as carbon sinks decreases with forest age, the substitution effect in our regions' fast-growing forests is greater than in unmanaged forests.**
- **EU-commissions proposal for a directive on nature-restoration** was derived from the EU-strategy for biodiversity. While having in mind that biodiversity is threatened in many places, **some of the proposed actions would lead to unrealistic requirements for some Member States and regions as for instance reference-levels are not comparable across Europe as well as definitions of towns and cities**. For EU-policies to be able to reach our common aims it is of outmost importance that directives and regulations are formed in a way that all Member States and regions can, in an appropriate way, contribute to fulfil their aims.
- We welcome the EU-commissions initiative on **Guidance on the Development of Public and Private Payment Schemes for Forest. Generating income by securing ecosystem services like carbon capture and biodiversity would broaden the economic base of forest**

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owners and could create new business models. Reimbursement of securing ecosystem services though **must be further developed and tested taking into account different methods of pricing, regional environments, business models and owner structures** before it can be introduced as an additional instrument within forestry. Many of the ecosystem services are not commodities that can be traded on an open market. Owners of small forestry businesses feel a responsibility to manage their forests sustainably. Therefore it is important to encourage and support, rather than restricting.

- The EU is in general good at recognising the value of SME's and micro-enterprises, as well as recognising their specific challenges and need for support. However, regarding forestry and forest-based sector this recognition is often not made. Therefore, we see that EU-regulations that affect forestry should recognise the challenges and limitations in resources for SMEs and micro enterprises. Private owners are less resilient than larger companies to administrative burdens, management costs and disruptions in markets. **Administrative requirements for small and medium-sized enterprises in the forest-based sector must be significantly less compared to large enterprises.** Group schemes may reduce administrative burdens and costs for small enterprises.
- A **new certification scheme for closer-to-nature forestry** should include balancing our common aims of replacing fossil fuels and materials, carbon capture and biodiversity. The recently presented guidelines on closer-to-nature forest management can be beneficial for biodiversity. At the same time, it may also increase costs (e.g., with regard to proposed logging methods), decrease income and reduce forest growth (e.g., by exclusively aiming at natural regeneration). The latter will therefore decrease CO₂ uptake. Resolving the scale in closer-to-nature forestry from micro scale within forest stands (as it is proposed now) to small stand variation would considerably increase the ability to manage the forest rationally. This would support large biodiversity variation at landscape level and decrease need for economic support. Single tree or patch-harvest methods in combination with natural regeneration and exclusion of site preparation will likely prolong the reforestation phase in northern forests. This will strongly reduce CO₂ uptake. Planting and gentle site preparation would shorten regeneration time and decrease the CO₂ loss gap without jeopardising biodiversity and soil conditions. **We ask the EU-com to change the guidelines in the above-mentioned way which would generate more effect and would be viable in all three sustainability dimensions for all European regions.**

2. Research, skills and finance

- **Increase the degree of processing and innovation with predictable long term framework conditions and financing:** Wood and tree-based materials are used in a wide range of products and will be even more used in, for example, the chemical industry. There is a great potential to develop innovative products that can replace current fossil-based products. This requires that we stimulate innovation and the commercialisation of innovations in forest-based value-chains. Increased cooperation between different actors is an essential part of this. At a European level, we see that many things can be done to foster innovation

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in European regions. One is of course providing funding for innovation within the forest-based sector through programmes such as Horizon Europe. Another is to create coherence between different policy areas, to secure stable and coherent framework conditions. Companies in our regions conduct large-scale research to extract chemical products based on wood raw materials that replace chemicals that have a fossil origin. **However, to invest in innovative solutions and scaling up processes for actors, public as private, there is a need for long term predictable framework conditions.**

- **Increase the attractiveness of the forestry sector and strengthen the availability of competence and human resources within forestry and forest industry.** In the SBHSS' regions, as in many parts of Europe, there is a lack of qualified competence resources in the forest-based industry. **The current development to a biobased and sustainable economy, make the lack of resources even more severe.** There is a need for more skilled workers as well as new skills among the work force. This is true for many professions throughout the whole forest value chain, as well as a low interest for practical forest education, research and innovation. **At European level, we see a need for reinforced initiatives targeted to skills important for the realisation of the bioeconomy, from practical forest education to research and innovation.**
- **We see a huge value in cooperation on European level regarding climate adaption.** On one hand, there is a **need for direct financial support to foresters** when the damage has occurred (bark beetles, forest fires etc). On the other hand, **there is also a value of European initiatives to increase resilience in the long term.** This could for instance be through developing common European risk classification system, which would help estimating and comparing damages. The data could be available through Forest Information System for Europe – FISE.

3. Biodiversity and preservation of natural values

- **In forest-rich regions with active forestry, the goal should be to achieve production forests with high natural values and biodiversity in order to ensure sustainably produced products that can replace fossil-based products. We advocate locally adapted forest management methods.** Reforestation for climate mitigation purposes may be needed in other European regions where deforestation is and has been a problem: Regional differences must be taken into consideration.
- In the discussions of the EU strategy for biodiversity 2030 focus has been put on afforestation and conservation. We consider that this is not embracing the whole range of possible and necessary actions. Over the coming years it would be of considerable benefit if the Commission takes **an approach to forest management that recognises that the multiple values (ecological, economic and social) do coexist at the landscape level.** Apart from that the Swedish model recognises the importance and presence of different values in the forest, it often also combines different values in practice, e.g., within production forests important ecological structures are preserved and improved. The balance of the

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ecological, economic and social values does and should vary depending on the forest's preconditions. Future forest related initiatives should recognise that there is no sharp line between different values, **they are often best achieved by a combined approach**. Natural site conditions, cultural history and land use set the preconditions for preserving and developing biodiversity. It is therefore necessary to involve local stakeholders and forest owners in the planning, implementation, and maintenance of measures for biodiversity, cultural heritage and outdoor activities.

- The presence of high nature values and rich biodiversity are often dependent on active forest management in the south of Sweden. **Without active management important values would get lost**. Well managed forests are also often highly appreciated for outdoor activities. **As such there is a large set of possibilities and tools between strict conservation and production. To embrace this pallet of opportunities will benefit the forest regions of Småland Blekinge Halland as well as the EU, obtaining the goal of the Green Deal**. Development of sustainable, multi-goal forest management involves many stakeholders and requires substantial efforts. In addition to other financial sources, EU rural development fund could be used to enhance this work.
- **Achieve balance between forest and ungulates**. There is a need to achieve a balance between forests and ungulates populating it. The ungulates brows heavily on especially young forests and as such hinder establishment and damage future forests. The high browsing intensity also forms a threat for valuable trees for increased biodiversity in the landscape. The achievement of a sustainable long-term balance between forest and ungulates is something that the SBHSS regions, as many other European regions, struggle with. In the region we now have good examples of how stakeholders can work together to achieve this balance (Mera Tall project). To facilitate spread and implement this approach financial support though e.g., the Swedish Forest Agency is highly necessary. **Financial support via EU-programmes could be one way to help European regions to enhance this work**.

4. Business and industry

- **The importance of replacing fossil raw materials must be recognised. Residues from the production of long-use products such as wood-based construction should be used for more short utility or single-use products**. If forests are to be left unmanaged, we will miss the opportunity to replace fossil raw materials with renewable ones.
- **Sustainable private forest ownership**. Profitability is a prerequisite for the 58 900 SBHSS-forest owners (of which about 40 % are women) to manage forests in a way that the forests can deliver the targeted values and goals. Profitability depends on production and management but can also be affected by opportunities for living and working in rural areas. Forestry is the basic industry, but entrepreneurship in timber processing, and tourism industry are also important. There is potential to further develop both forestry and other business activities.