NAT/105
European forestry
sector/Enlargement
(own-initiative opinion)

Brussels, 24 April 2002

OPINION

of the

Economic and Social Committee

on the

Eastward enlargement of the European Union and the forestry sector

On 1 March 2001 the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Eastward enlargement of the European Union and the forestry sector.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 April 2002. The rapporteur was **Mr Kallio**.

At its plenary session on 24 and 25 April 2002 (meeting of 24 April 2002), the Economic and Social Committee adopted the following opinion by 98 votes to three with eight abstentions.

1. Purpose of the opinion

1.1 This opinion looks at the role played by forestry and the forest-based industries, i.e. the forestry sector, in the EU applicant countries[1] and the changes that enlargement will entail for the EU's forestry sector. The analysis focuses on the role of forestry and the forestry sector as a source of economic prosperity and provider of employment. The environmental importance of forests is also taken into account, as a basic assumption in the European Union is that forestry should be economically, ecologically and socially sustainable. Another assumption is that the EU applies the subsidiarity principle in all forest-related matters.

1.2 The opinion focuses on the ten applicant countries; Turkey, Cyprus and Malta are mentioned where comments are relevant to them. The applicant countries made an active contribution to the contents of the opinion during its drafting.

2. Forestry and the forest-based industries in the applicant countries

2.1 Forest resources and timber production

2.1.1 The applicant countries have a total of 34 million hectares of forest. Thus enlargement will increase the amount of forest and other wooded land in the EU from 136 million hectares to 170 million hectares. The total area of commercially exploitable forest will increase by about 30 million hectares (31%) from 95 million hectares at present. Malta and Cyprus have little forest. Turkey has large tracts of forest and other wooded land, just under 21 million hectares, although less than half of this is real forestland.

2.1.2 There are many differences between the applicant countries in terms of their forests, although similar groups of countries can be identified. In the countries with the relatively greatest

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1 Latvia, Lithuania, Estonia, Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Bulgaria, Romania, Cyprus, Malta and Turkey.

forest density[2], forests account for about half of the surface area, in Hungary, the least forested, for roughly only one fifth and in the other countries for approximately 30%. In terms of quantity, Poland, with just under 9 million hectares, has the most forestland. Slovenia, with just over one million hectares, has the least. Forests account for about 32% of the applicant countries' combined total surface area, compared with about 36% in the current European Union.

2.1.3 Over the last fifty years there has been a significant increase in forestland in many applicant countries (particularly in the Baltic States and Poland) as a result of both the afforestation of farmland and the reversion of farmland to forest. This means that a fairly large proportion of forests in these countries are young. Forestland will continue to expand considerably in some of the applicant countries (particularly Poland, Hungary and Romania), assuming their reforestation programmes come to fruition (see point 5.3). The rather large proportion of young and middle-aged forests and their attendant management needs represent a key challenge, but also an opportunity, for forestry in the applicant countries.

2.1.4 Forests in the applicant countries are relatively dense and timber reserves are continuing to increase since the growth rate clearly outstrips felling rates. The rate of forest use for timber production is slightly lower overall in the applicant countries than in the present EU, where fellings are about 60-70% of annual increment. However, there are marked differences in this regard, both between the current Member States and the applicant countries. Forests are nevertheless maintaining the growth in carbon sinks in both groups of countries.

2.1.5 Poland and Romania have the largest growing stock. If all ten candidate countries join the EU, the Union's growing stock will increase to about 20 billion m^3, or by approximately 47%. The percentage increase in growing stock will be greater than the percentage increase in surface area of forest. This means that enlargement will increase average growing stock per hectare in the EU[3], although here too there are obviously cross-country differences, as there are among current Member States.

2.1.6 In Poland, the Czech Republic and the Baltic States the growing stock is predominantly coniferous. In the other countries deciduous trees make up over half the stock; Hungary has the most deciduous forest.

2.1.7 Forests are a crucial renewable natural resource. Their main commercial product is roundwood, the harvesting and processing of which provide employment opportunities. The largest timber producer among the applicant countries is Poland, followed by the Czech Republic, Romania and Turkey. Slovenia has the lowest annual felling rate, as well as the smallest forested area. Roundwood prices are still lower in the applicant countries than in the present Member States. In

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2 Slovenia, Slovakia, Estonia and Latvia.

3 Growing stock per hectare is largest in the central European applicant states, notably in the Czech Republic, Slovakia and Slovenia, with over 260 m^3/hectare. Estonia and Bulgaria have the lowest average growing stock per hectare, with just over 140 m^3/hectare. The amount of growing stock thus varies considerably between the applicant countries.

some applicant countries, forestry has been developed with regard to other products in addition to wood.

2.1.8 Roundwood felling rates vary considerably not only from one applicant country to another but also from year to year. In some Central European applicant countries it is possible that in some years even the majority of fellings have been a consequence of forest damage. The age structure of the growing stock and net increment would allow timber production, particularly of pulpwood obtained from thinnings, to be increased.

2.1.9 Roundwood is a net export product in many applicant countries, which is not the case in the current EU Member States. In all applicant countries exports have accounted for at least a fifth or a sixth of fellings and some countries have exported almost half of their roundwood production. The biggest exporters of roundwood are Estonia, Latvia and the Czech Republic, which each exported about 3 million m³ of roundwood in 1997. Roundwood exports from the applicant countries (totalling roughly 12-13 million m³ in 1997) have amounted to approximately four times the level of roundwood imports. As a large proportion of the applicant countries' exports currently go to the EU, enlargement would make the Union more, but not completely, self-sufficient in roundwood in the short term.

2.2 **The forest industries**

2.2.1 In the applicant countries the forest industries consist predominantly of the wood products industry. Per capita consumption of wood products in the applicant countries is nevertheless low. Sawnwood consumption in the applicant countries stands at 0.1 m³ per capita per year on average, in other words less than half the current level of EU consumption. Sawnwood production in the applicant countries grew considerably in the 1990s, particularly in the Baltic States and Central European countries. Sawnwood production in the applicant countries amounted to more than 17 million m³ in 1997 and approximately half of all production in that year was exported (mainly coniferous sawnwood). Indeed, in several applicant countries the sawmilling industry constitutes a significant export industry[4]. Similarly, per capita production and consumption of wood-based panels in the applicant countries is still low, totalling 7 million m³ in 1997. However, production and exports of wood-based panels increased considerably in the 1990s. Production is highest in Poland and Turkey. The Czech Republic, Latvia and Slovakia are important producers of plywood.

2.2.2 Woodpulp and paper production in the applicant countries are rather small and these countries are net importers of paper. Average paper consumption in the applicant countries is approximately 60 kg/pc/pa, which is only one third of that of the current EU.

2.2.3 Companies producing wood products and furniture in particular are small, and these sectors thus have a rather fragmented structure. There are approximately 16,000 companies producing wood products and furniture in the applicant countries and just under 200 pulp and paper mills. Altogether, there are more than 30,000 companies in the forest industries, printing and publishing and the furniture industry.

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4 Particularly in the Baltic States, Poland, the Czech Republic and Romania.

2.2.4 The main problems facing the forest industries in the applicant countries relate to the fragmented industry structure and the need to improve the level of technology and know-how. Environmental protection and production technology need to be improved. Fairly small production units weaken the sector's structural competitiveness. On the other hand, the sector's lower general level of costs in comparison with the present EU is, for now, a competitive advantage. Timber reserves and the prospect of a rise in domestic demand also offer growth potential for the forest industries in the applicant countries. The applicant countries intend to boost added value and create jobs in the home economy by reducing roundwood exports in favour of, for example, the production and export of sawnwood. This requires that foreign investment capital is also forthcoming in adequate amounts.

3. **The environment**

3.1 The guiding principles of forestry use in the European Union are sustainability and multi-functionality. Forests play an important role in terms of environmental protection and conservation. The proportion of the forest area in applicant countries that is designated as protection and conservation forest of different kinds varies, ranging between 2 and 21%. Strictly protected forests make up less than 1% of the total forest area in most applicant countries, as in most of the current Member States. However, owing to insufficient background information and varying definitions, no precise figures on the proportion of protection and conservation forests can be given in this opinion. A condition for EU membership is that the applicant countries set up Natura networks of protected sites as required under EU law. The applicant countries are at different stages in the identification and designation of sites for inclusion in the networks. It was not possible, at the time this opinion was drawn up, to assess the potential impact of this process on forest protection in the applicant countries.

3.2 Among the most serious environmental problems facing applicant countries' forests are air pollution and soil acidification. Many forests - particularly in the Central European applicant countries - are suffering from defoliation caused by pollution. These forests are also susceptible to other kinds of damage. In some countries the shift away from indigenous tree species is also considered to have undermined the ability of forests to resist damage. Forest fires are also a problem, particularly for the southern applicant countries.

3.3 Tending to forests suffering from pollution and, for example, increasing the proportion of original tree species are important forest management objectives in many applicant countries. When forests are better able to resist damage, this enables managed fellings of higher quality timber to be increased and thus serves commercial forestry objectives in terms of expanding timber production.

3.4 Forests in some parts of the applicant countries are considered to have a rich variety of species. Almost all forests have at times been subject to human interference.

3.5 Taking environmental and multi-functional considerations into account in forestry is not problem-free in the applicant countries. A major difficulty is the lack of resources, but know-how also needs to be improved in certain respects. Attitudes are also an obstacle in some cases. The applicant countries must nevertheless be aware that an effective environmental policy helps to preserve forests.

4. Economic and social significance

4.1 Forests in the economy and society

4.1.1 In the Baltic States and Slovakia forestry accounts for just over one per cent of gross national product, while in the other applicant countries it contributes less than one per cent. The forest industries make a larger contribution, although precise figures are not available. Together, forestry and the forest-based industries are an important part of the economy in many of the applicant countries, especially in rural areas. They are source of employment, earned income and export earnings, in addition to which forests are used for recreational purposes. Private forestry is re-emerging as an important sector and is discussed in point 4.2.

4.1.2 Although exact figures on employment in forestry are not available, forestry is a major employer, particularly in rural areas. Forestry and forest-based industries together employ an estimated one million people in the applicant countries. The sector is currently estimated to employ 4 million people in the EU. In the applicant countries, the forest-based industries are the biggest employer in the Baltic States in comparative terms, though in absolute terms they provide most jobs in Poland.

4.1.3 The scenic value and recreational use of forests are important in terms of social sustainability. All the applicant countries have forest areas specifically earmarked for recreational use and scenic purposes, and the recreational use of forests is considered to be important. As the applicant countries are situated close to populous countries in the present EU, enlargement could increase the opportunities for the recreational use of forests in the EU. At the same time this would offer the applicant countries opportunities for developing services and tourist industries related to the recreational use of forests.

4.1.4 "Everyman's right" - at least the general right of the public to roam the forest - applies throughout the applicant countries and represents an important way of exploiting forests from the social point of view. With increased private ownership of forests, the rights and obligations which "everyman's right" entails for forest owners and society has become the focus of debate in the applicant countries. There is a need for a clear definition of rights, obligations and responsibilities in this regard. It is essential that the recreational use of forests does not prejudice the rights of owners or their opportunities to commercially exploit their forests. At the same time, care must be taken to ensure there is no conflict between "everyman's right" and the ecological sustainability of forests.

4.2 The changing pattern of forest ownership

4.2.1 Land privatisation, or land reform, was the biggest change affecting the structure of forestry in the applicant countries in the 1990s and continues to be so in the current decade. Land reform has led to the revival of private forestry, which disappeared in most of the applicant countries after the second world war. Slovenia and Poland were exceptions as private forest holdings were only partially collectivised in these countries. Obviously, public forest ownership is decreasing as a consequence of land reform. At the same time the tasks and responsibilities of public forest administration are increasing. The changes pose many challenges, despite the fact that forestry know-how and forest science research in the applicant countries are of a high level and have long traditions. Land reform takes place through restitution, which involves the return of land ownership to those who owned the land before the second world war. In addition, a new group of private forest owners is emerging as a result of the fact that other individuals and bodies can buy land that is being privatised if the former owners do not want it or they cannot be traced (this process is referred to as privatisation).

4.2.2 After the completion of land reform, the state will still own large tracts of forest land in many applicant countries. The evolving private forestry sector is helping to diversify the structure of forest ownership. Other public sector bodies besides the state, such as local authorities, own forests in some applicant countries. Similarly, organisations and bodies like the church may also own forest land. The structure of forest ownership varies considerably between applicant countries.

4.2.3 Land reform is an ongoing process in many applicant countries, so that the pattern of forest ownership will change further in the years ahead. By the end of 2000, depending on the country, some 5-70% of forests in the applicant countries had been privatised; Romania had the lowest percentage (5%) and Slovenia the highest (70%). By the time the privatisation process is completed, approximately 30-40% of all forests will have been privatised, leaving some 60-70% in public ownership. Obviously, there are and will continue to be sizeable differences in ownership structure between the applicant countries. As a result of enlargement the ownership structure of EU forests will shift slightly towards public ownership, since about 65% of forest in the present 15 EU Member States is privately owned and only about 35% in public ownership.

4.2.4 It is estimated that a total of 3-4 million new private forest holdings will be established in the applicant countries. The new forest holdings are generally small, with an average size of 2-3 hectares. In some applicant countries the average size of holdings is even below one hectare. Ensuring the profitability and sustainability of forestry in private forests made up of small holdings is a major challenge for the applicant countries. Enlargement will increase the number of private forest holdings in the EU by over 40%, from seven million to 10-11 million. At the same time the number of private forest owners will increase from 12 million in the current EU to approximately 16 million, so that some 3-4% of the population will be private forest owners after enlargement.

4.2.5 Privatisation of forests also poses a considerable challenge for forest administration in the applicant countries: for example, legislation governing private forestry and the institutions and structures responsible for implementing and overseeing it must be re-established. This development work is currently in progress. The privatisation process will take many years, which causes problems of its own. For example, illegal fellings or tree thefts may have occurred in forest areas where ownership has been unclear. It is therefore important that government and local authorities, private owners and/or organisations, and environmental and nature conservation organisations cooperate in order to achieve effective and responsible forestry management.

4.2.6 Because of these historical events, most new private forest owners lack experience and know-how in the practical aspects of forestry and the timber trade. Similarly, not all the applicant countries have institutions capable of providing training or conducting research in this area or these institutions need to be strengthened. Providing advice to several million new private forest owners on, and increasing their know-how in, economic, ecological and social issues relating to forestry and motivating them to engage in the sustainable management and use of forests is an important objective. It is essential for fostering the economic and ecological sustainability of forestry. Consequently, advisory and training services are currently be developed.

4.2.7 As most new private forest holdings are small, stepping up cooperation between forest owners and the setting-up of forest owners' associations are seen as key ways of promoting the development of private forestry in the applicant countries. Voluntary associations offer an effective means of disseminating information to new private forest owners, promoting the profitability of forestry and self-reliance among forest owners and motivating forest owners to practise sustainable forestry. But the problem is not just lack of know-how but also scarcity of resources. Moreover, in the light of past experience, private forest owners are sceptical about joint projects. However, the training of private forest owners and organisation of cooperation will become increasingly important the further the privatisation process advances. Here the applicant countries need not only financial resources, but also international know-how to provide them with models and experience on effective ways of organising advice for forest owners and cooperation between them. This is another reason why cooperation as mentioned in point 4.2.5 is very important.

4.2.8 Timber markets in the applicant countries are also undergoing change as a consequence of privatisation. The new private forest owners have little experience of the timber trade. In addition, access to market information is limited. Like private forestry infrastructure in general, the laws governing the timber trade, the monitoring of these laws and the provision of market information and advice for forest owners on the timber trade are being developed in the applicant countries.

4.2.9 State forests will continue to be important in the applicant countries from the economic, ecological and social point of view. However, land reform also involves changes in public ownership. In some applicant countries, about half of the forests will pass out of government hands. At the same time forest administration agencies have had to face new tasks and demands. Embracing new ways of working and responsibilities has not always been free of problems. All told, the changes brought about by land reform and social change in general mean there is a need for training and development in forest administration as well.

5. Forestry legislation, programmes and EU support measures for developing forestry

5.1 The applicant countries will be expected to respect the same international commitments and processes relating to forests and the environment as the European Union. National programmes targeting forestry are necessary in connection with EU financial aid for forestry.

5.2 During the 1990s the applicant countries reformed their forestry legislation. Forestry and environmental programmes were developed and the development work is continuing. However, implementation of practical measures and effective supervision lag behind enactment of legislation.

5.3 Extensive afforestation, i.e. increases to the forest area, is an objective of the forestry development programmes of Poland and Hungary in particular, but one which is also being pursued by Slovakia and Romania, for example. In some of the applicant countries, afforestation of farmland or other land falls under the forestry measures eligible for aid (see also point 5.7).

5.4 During the 1990s, overall investment in forestry in the applicant countries was limited because of their difficult economic circumstances. Many other sectors of the economy have been given greater priority in the allocation of scarce resources. For example, public support for developing private forestry has been minimal or support schemes are only now being developed (see also point 5.5). However, the low level of investment in forestry does not mean that, in principle, forestry or the forest industries are not considered important in society.

5.5 There are various support programmes which the EU can use to promote forestry in the applicant countries before they become full members. The SAPARD programme provides support for measures that comply with the Regulation on Rural Development under Agenda 2000. Like the present Member States, the applicant countries are required to cofinance projects under the SAPARD programme. In several applicant countries support programmes have been designed to enable private forest owners to access Community financial aid. These countries may also take part in the EU's R&D projects and other initiatives such as the COST programme. Similarly, the EU's PHARE and LIFE programmes have been used to develop forestry in the applicant countries.

5.6 A total of 5%, or EUR 168 million, of the EU aid the applicant countries will receive under the SAPARD programme in 2000-2006 is earmarked for forestry measures. This amount is a few percent of the EAGGF financial aid allocated to forestry in the present 15 Member States between 1994 and 1999. In the 1994-1999 programming period the present Member States allocated around 1% of total EAGGF financial aid to forestry. However, most of this amount was development assistance other than that provided under programmes like SAPARD.

5.7 The proportion of SAPARD aid that the applicant countries intend to allocate to forestry varies widely from country to country. Some countries have not earmarked any SAPARD aid for this sector. The southernmost applicant countries are the greatest beneficiaries of forestry-related aid under the SAPARD programme, on the basis of these countries' programme proposals. Most of the applicant countries plan to support various forms of afforestation, but aid will also be allocated to training for forest owners, the setting-up of forest owners' associations, construction of forest roads, establishment of nurseries, etc. As well as forestry measures per se, funding for forestry-related initiatives may well be available under other headings. If this is taken into account, the proportion of aid allocated to forestry under the SAPARD programme is over 5%. In practice, receipt of aid in the applicant countries requires appropriate administrative systems to be set up, and problems in this area have so far hampered use of aid. It will not be possible to assess aid use until the programming period is over. Moreover, the rules relating to EU aid for forestry and the resources available for it could change in the future.

6. **Summary, conclusions and recommendations**

6.1 Summary and conclusions: the impact of enlargement

6.1.1 Substantial increase in forestland and in the number of private forest owners

Enlargement will boost the EU's population by some 28% and its surface area by 33%. Similarly, forest and other woodland will increase by 34 million hectares (25%).[5] The EU will acquire an estimated 3-4 million new private forest owners in addition to the present 12 million, so that after enlargement approximately 3-4% of the EU's population will be private forest owners. Overall, the proportion of publicly owned forests will be higher and the proportion of privately owned forests slightly lower than before enlargement.

6.1.2 Forestry and the forest industries – an important source of employment

The forest-based industries, i.e. the forest and related industries, and forestry together constitute an important source of employment in the applicant countries, providing an estimated one million jobs. Total employment in the forestry and the forest-based industries in the EU will be about 5 million after enlargement, roughly a quarter more than at present.

6.1.3 Higher self-sufficiency in forest-based products and keener competition in the short term

Total roundwood fellings in the applicant countries are just under a third of the total level of fellings in the present Member States. Sawnwood production in the applicant countries is approximately a quarter of current EU production. Production and consumption of paper and board in the applicant countries are both small. After enlargement, the EU will become self-sufficient in sawnwood and have a higher level of self-sufficiency in roundwood, as the applicant countries are major exporters of sawnwood and roundwood to the current EU. The EU will remain a net exporter of paper even after enlargement. In the short term competition is likely to stiffen slightly in the markets for sawnwood and other wood products, but no major changes are expected in the pulp and paper markets. The applicant countries are an attractive potential location for investment by forest industry companies based in the current EU. If there is no rapid increase in internal EU wood consumption and no new external markets are opened up, there could even be a shift in especially sawnwood and processed timber production from the present Member States to the applicant countries. On the other hand, investment in the applicant countries may be held back by a number of factors, including uncertainty about the pace of economic growth and hence consumption of forest-based products.

6.1.4 Increased consumption of forest-based products in the long term

In the long term, consumption of wood products and paper and board in the applicant countries is likely to increase manyfold. A doubling of sawnwood consumption in the applicant

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5 If, in addition to the ten applicant countries considered here, Turkey, Malta and Cyprus are included, the EU's population will increase by 45%, its surface area by 58% and forest and other woodland by 55 million hectares (41%).

countries would lead to additional demand of around 10-11 million m^3 of sawnwood, i.e. an increase of 13-14% from the EU's and applicant countries' current combined level of consumption. Paper consumption in the applicant countries could even triple from its present level. This would result in a corresponding growth in paper consumption of over 15% in the enlarged Union. Although the use of electronic media could check growth in paper consumption in the future, growth potential nevertheless exists for some paper categories, for example packaging paper and board.

6.1.5 **Privatisation – an important force for change in forestry**

Land reform is currently an important factor affecting forestry in the applicant countries and will continue to be so over the next few years. The tasks and responsibilities of forest administration are changing and forest administration faces a wide range of challenges in the areas of development and training. Organising training and guidance for millions of new private forest owners and stepping up cooperation among them are key measures that are aimed at increasing the profitability of private forestry and securing the economic and ecological sustainability of private forestry. The development of properly organised timber markets is important if these markets are to function effectively and flexibly and some of the problems that have hampered them to date are to be overcome. Effectively functioning timber markets are also important for the growth of the processing industry. The applicant countries consider it necessary to increase forestry-related research. The prime concern, however, is the creation and effective implementation of a credible body of laws supporting the changing structure of forest ownership, as this is essential for the development of enduring and responsible forest ownership that continues from one generation to the next.

6.1.6 **Environmental challenges and social responsibility**

Forests in the applicant countries suffer from air and soil pollution, among other things. Efforts are being made to remedy this situation through forest management techniques. The environmental challenges facing the forest-based industries include the introduction of processes and technologies with lower emission levels and the organisation of waste management and recycling. New private forest owners need information on sustainable forest management and use, including environmental issues. At the same time the applicant countries want to boost the importance of forestry and the forest-based industries as providers of jobs and a source of income.

6.2 **Recommendations**

6.2.1 **EU action in forestry is guided by the subsidiarity principle**

Even after enlargement, there is a good case for the EU to continue to apply the subsidiarity principle in this sector since forests differ in terms of their economic, ecological and social significance and biological basis, both in the applicant countries and the present Member States. EU forestry initiatives are based on the EU Treaty, other relevant legislation and the EU's forestry strategy. The EU has also entered into several international agreements on forestry. It is important that the applicant countries also comply with these principles and agreements.

6.2.2 **Sustainability and multi-functionality – the guiding principles for exploitation of forests**

Since forestry and the forest-based industries are a major source of employment and economic prosperity both in the EU and the applicant countries, commercial exploitation of forests will continue to be important after enlargement. The ecological and social role of forests is also important. Consequently, economic, ecological and social sustainability and the multi-functionality of forests must remain key guiding principles for forestry in the EU after enlargement.

6.2.3 **A legal framework for private forestry**

The applicant countries' timber resources are growing and fellings in relation to growth are lower than in the present EU area. Enlargement offers opportunities as regards utilisation of forests for economic, environmental and social purposes.

Private ownership has been found to have a generally beneficial effect on the sustainability of forestry. Therefore the re-emergence of private forest ownership in the applicant countries is a positive development. Private forest ownership offers a new source of income for many private individuals, a possibility to obtain firewood and wood for domestic needs and job opportunities for others, particularly in the rural areas of applicant countries.

If the opportunities are to be exploited, the legal and institutional frameworks necessary for the growth of the newly emerging private forestry sector will have to be developed by the applicant countries quickly and objectively. This calls for clarification of ownership status and completion of the privatisation process without delay.

6.2.4 **Private forest owners – need for training and cooperation**

Steps should be taken to promote training, provision of advice and voluntary cooperation since they are crucial for developing private forestry in the applicant countries. Financial support for this is available under the EU's SAPARD programme and should be used to these ends. Similarly, the know-how that exists in the present Member States regarding private forestry in general should be made available to the applicant countries. The Committee proposes that the EU take an active role in establishing a forum for the exchange of information that would further this goal.

6.2.5 **Timber markets and forest certification**

With privatisation, the applicant countries will be able to secure effective operation and competitiveness of the timber markets by increasing access to market information. In addition, monitoring of laws needs to be intensified. Effectively functioning timber markets in the applicant countries are crucial for ensuring competitive conditions in timber markets throughout the EU. As regards voluntary forest certification, it is essential that any certification processes in the applicant countries be transparent and independent.

6.2.6 **Forest energy resources and use of forests for recreational purposes**

In addition to roundwood used by industry, services related to the recreational use of forests, the use of wood-based energy, hunting and forest products other than roundwood offer potential opportunities as regards rural development in the applicant countries. One of the EU's goals is to substantially increase production of wood-based bioenergy. The applicant countries' young forests, ambitious reforestation goals and forest-management needs provide a source of wood biomass, since, for example, tending of young trees and forest care generate small and waste wood which are of no use to industry. At the same time, in developing the use of wood, the aim should be to create as much value added as possible. The potential for developing forest-based activities and their likely effects should be examined in depth.

6.2.7 **Forests and climate**

The role of forests in the atmospheric carbon cycle also opens up new prospects for exploitation of forests. The importance of forests in this regard should be examined both in the applicant countries and the present Member States, in general terms as well as in the context of the Kyoto Protocol of the climate change convention. The use of wood as an energy source should also be taken into account in this connection. Studies should be made of the importance of forests as public goods, the associated values and valuations and compensation issues.

6.2.8 **Sustainability, competitiveness and social responsibility**

Sustainability and respect for the environment in forestry and the forest industries are a fundamental principle. . A careful and verifiable environmental policy should therefore be pursued so that forests are not damaged. This policy must leave scope for forestry and the forest-based industries to be competitive, while conducting their activities in a responsible way. Economic sustainability is essential from the viewpoint of social sustainability. It covers such things as job opportunities and the possibility to preserve and promote activities that help to maintain the countryside, such as forestry and the forest industries. The recreational use of forests and associated service industries are, of course, also important in this regard. The development of forestry and the entire forestry sector in the applicant countries should be accompanied by an open and effective process of debate and interaction involving different sectors of society on a wide-ranging basis.

6.2.9 As mentioned above, careful management of forests, as well as other nature areas, is the responsibility of government, private owners and/or organisations, and environmental and nature conservation organisations that own forests and other nature areas. Responsibility must be shared. The Committee calls for a European platform for forestry and landscape management to be set up where experience can be pooled to develop a responsible policy for managing forests and other nature areas."

6.2.10 **Fostering the use of wood**

Both the present EU Member States and the applicant countries seek to boost production in the wood products industry, as well as related jobs and income. Wood is a renewable, recyclable natural material, the use of which does not increase the atmosphere's carbon load. Therefore, the use of wood as a building material should be promoted, both in the present Member States and the applicant countries. Rising demand for wood products in the applicant countries would boost growth in the wood products industry in these countries and lead to higher income and more jobs.

6.2.11 **Forestry-related aid and competition**

The EU's support measures for the development of forestry in the applicant countries are warranted in many respects, for example from the point of view of rural development and the environment. Application of the subsidiarity principle nevertheless means that aid granted by the EU must under no circumstances lead to distortion of competition on timber or forest products markets. The use and impact of EU aid allocated to forestry in the 1990s should be made the subject of an EU-wide study. This would shed light on the kind of projects for which aid has been used and the results obtained. Such knowledge would be of benefit for the development and evaluation of support schemes in the future.

6.2.12 **Training, research and production of information**

EU enlargement highlights the importance of a coherent body of information on forestry and the forest industries in the Union. There is need for further development here, particularly as regards the applicant countries. The EU should devote further efforts to development projects promoting the production of consistent, comparable and up-to-date statistics on the forestry sector in the EU as a whole and in the applicant countries. In addition, the EU should actively promote development projects aimed at improving the compilation of statistics on timber markets in the applicant countries. Development of research and training related to the forestry sector in the applicant countries is essential. For example, resources should be allocated to developing research on private forestry, which received little attention in past decades.

Brussels, 24 April 2002.

The President of the Economic and Social Committee	The Secretary-General of the Economic and Social Committee
Göke Frerichs	**Patrick Venturini**

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N.B.: Appendices overleaf

APPENDIX 1
to the opinion of the Economic and Social Committee

The following amendment, which received at least one quarter of the votes cast, was defeated in the course of the Committee's debates:

Point 6.2.2

Add a new paragraph after 6.2.2 as follows:

" From the point of view of the environment, conifer plantations contribute to faster soil acidification, the customary plantation and management methods do not allow the use of forests for recreational purposes, and no wild animal can live under this kind of tree cover. Dense coniferous forests, in which the lower branches are left on the forest floor, are subject to heavy clearing at maturity with machines that cause serious damage to the soil and forest paths. The bare soil that remains is exposed to gullying due to run-off, making the soil unusable for any other purpose. The medium and long-term effects of these kinds of exploitation on the environment and soil conditions should be the subject of scientific studies. Aid should be only be granted for traditional broad-leaved species and slow-maturing timber and firewood species, which are conducive to a balanced ecology, plus, in the south, fire-resistant species. Aid should carry with it obligations concerning management and clearing, the upkeep of points of access and paths, particularly for recreational purpose, and a balance between the area under conifers and the area under broad-leaved species in order to preserve biodiversity. Certain biotypes require special protection."

Reasons

The opinion focuses on production, with special emphasis on conifers and fast-growing species like poplar. There should be a shift in emphasis in favour of less intensive, multifunctional and truly sustainable exploitation.

Result of voting:

For:	37
Against:	39
Abstentions:	8

APPENDIX 2. BASIC INFORMATION ON FORESTRY IN THE CEECs AND THE EU

Country	Area	Population	Forest 1997		Commercial forest	Growing stock	Forest ownership* 2000		Roundwood 1997	SAPARD*	Forestry
	mill. ha	mill. persons	mill. ha	% Surface area	% Forestland	billion m3	Private %	Holdings	production mill. m3	mill. Euro	GNP contrib.
Estonia	4.5	1.4	2.162	48.0	96.0	0.307	56.6	100000.0	5.505	1.0	1.70%
Latvia	6.5	2.4	2.884	46.0	84.0	0.409	44.0	153000/250000	8.922	4.57	1.50%
Lithuania	6.5	3.7	1.978	31.0	85.0	0.314	50.0	152000/120000	5.149	7.69	<1 /1%
Poland	31.3	38.7	8.942	29.0	93.0	1.771	17.2	1400000	21.635	6.17	<1%
Hungary	9.3	10.1	1.811	19.0	94.0	0.295	45.0	290000/335000	4.251	0	<1 % / 0.2%
Czech R.	7.9	10.3	2.63	33.0	97.0	0.668	23.8	137000	13.491	0	0.70%
Slovak R.	4.9	5.4	2.016	41.0	85.0	0.446	48.4	300000/15000	5.944	9.67	1.40%
Slovenia	2.0	2.0	1.099	58.0	94.0	0.292	70	300000	2.208	0	<1 /0.4%
Romania	23.8	22.5	6.301	28.0	89.0	1.36	5	300000 -500000	13.072	108.34	<1%
Bulgaria	11.1	8.3	3.59	35.0	86.0	0.401	2.7	Approx. 473000	3.041	30	<1%/ 0.7%
CEEC 10	**108**	**104.8**	**33.41**	**32%**	**<90%**	**6.26**	3-70%	Approx. 3.8 million	**83.218**	167.53	
Sources	Eurostat 2000	EU Commission	Eurostat 2000		Eurostat 2000		Various sources		Eurostat 2000	EU Commission	Various sources
EU15	324	375	113.6	35%	84%	13.40	65%	7-8 (12) million	260		
Increase %	33%	28%	29%	no clear change		47%	Decrease	>40%	32%		?

Sources:

– Forestland, growing stock and roundwood fellings: EUROSTAT 2000, 1997 figures
* Forest ownership: various sources, most figures for 2000 but some for other years. Private ownership includes privatised land, restituted land and other small private holdings.

Varying information on the number of small private holdings

** SAPARD = EU financial aid, mill. euro, figures for 2001

APPENDIX 3. BASIC INFORMATION ON FOREST INDUSTRIES IN THE CEECS AND THE EU, 1997 AND 1998

Country	Sawnwood production mill. m3 1997	Sawnwood imports mill. m3 1997	Sawnwood exports mill. m3 1997	Consumption m3/capita/ year	Paper and board production thousand tonnes 1997	Paper and board imports thousand tonnes 1997	Paper and board exports thousand tonnes 1997	Consumption Kg/capita /year	Employment 1998 incl. publishing, printing and furniture industry*	No. of companies 1998 incl. publishing, printing and furniture industry*
Estonia	0.728	0.062	0.638	0.11	48	70	67	36	36900	1572
Latvia	2.7	0.025	2.196	0.22	19	32	8	18	36300	1679
Lithuania	1.25	0.141	0.986	0.11	37	70	24	22	45400	897
Poland	**5.91**	0.224	1.127	0.13	**1830**	**1020**	**600**	58	389100	1186
Hungary	0.317	0.698	0.184	0.08	456	430	233	65	52300	5211
Czech R.	3.398	0.207	1.419	0.21	770	500	476	78	105500	1353
Slovak R.	0.767	0.021	0.48	0.06	602	214	308	94	63100	335
Slovenia	0.51	0.128	0.395	0.12	715	164	370	114	36800	1688
Romania	**1.861**	0.004	1.242	0.03	**289**	**112**	**83**	14	247900	8824 [1999]
Bulgaria	n.a.	n.a.	0.011	n.a.	n.a.	n.a.	n.a.	n.a.	54500	8606
CEEC 10	**17.441**	**1.512**	**8.682**	**approx 0.1**	**4766**	**2612**	**2160**	**approx 60**	**1067800**	**31351**
EU 15 (short-term effect of enlargement)	**71.37 (+24%)**	**34.401**	**28.714**	**approx 0.2 (decrease)**	**79750 (+6 %)**	**34 454**	**42 474**	**approx 200 (decrease)**	**4-4.5 mill., including forestry ** (approx ± 25 %)**	

Sources:
Statistical data
- Production, foreign trade EUROSTAT 2000
- Consumption: imputed on the basis of EUROSTAT 2000 figures

Employment and numbers of companies
- * Hanzl & Urban, 2000, Competitiveness of Industry in Candidate Countries. Forest-Based Industries, Final Report, PRS/98/501703, Part B. WIIW.
  - For Poland, employment in companies employing > 5 persons, but number of companies only includes companies with > 50 persons;
  - In Romania, the number of companies in 1998 was 8,549.
- ** Hazley, 2000, Forest-Based and Related Industries of the European Union – Industrial Districts, Clusters and Agglomerations, ETLA Series B 160.
- The figures for employment and number of companies and for volumes of production, imports and exports and per capita consumption vary to some extent according to different sources. Therefore the data in the table should be regarded as indicative

…/…

APPENDIX 4. EU LEGISLATION AND DOCUMENTS RELATING TO FORESTRY AND INTERNATIONAL PROCESSES IN WHICH THE EU IS INVOLVED

EU legislation and documents relating to forestry (the list is not exhaustive)

Agenda 2000 (COM(97) 2000), i.e. the Common Agricultural Policy reform programme (1999)

Council Regulation (EC) on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) (COM(98) 158, Official Journal C 170, 4.6.1998, p.67)

Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations (Official Journal L 160, 26.6.1999, pp.80-102); articles 29-32 on forestry

Council Directive 66/404/EEC of 14 June 1966 on the marketing of forest reproductive material (Official Journal P 125, 11.7.1966, pp. 2326-2332)

Council Directive 71/161/EEC of 30 March 1971 on external quality standards for forest reproductive material marketed within the Community (Official Journal L 087, 17.4.1971, pp.14-23)

Council Directive 1999/105/EC of 22 December 1999 on the marketing of forest reproductive material (Official Journal L 011, 15.1.2000, pp. 17-40)

Council Regulation (EEC) No 2158/92 of 23 July 1992 on protection of the Community's forests against fire (Official Journal L 217, 31.7.1992, pp. 3-7) (amending proposal COM(2001) 634 final)

Council Regulation (EEC) No 3528/86 of 17 November 1986 on the protection of the Community's forests from atmospheric pollution (86/3528/EEC) (amending proposal COM(2001) 634 final)

Council Regulation (EEC) No 1615/89 of 29 May 1989 establishing a European Forestry Information and Communication System (Efics) (Official Journal L 165, 15.6.1989, pp. 12-13)

Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001 allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS) (Official Journal L 114, 24.4.2001, pp. 1-29)

Establishment of a network of protected sites under the NATURA 2000 programme for the protection of forests and safeguarding of diversity:
- Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora ("Habitats Directive") (Official Journal L 206, 22.7.1992, pp. 7-50);
- Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds ("Birds Directive") (Official Journal L 103, 25.4.1979, pp. 1-18)

Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on a forestry strategy for the European Union (COM(98) 649)

Communication from the Commission to the Council and the European Parliament on a European Community biodiversity strategy (COM(98) 42)

Sixth Environmental Action Programme (to be adopted soon – Commission communication: COM(2001) 264
Communication from the Commission – A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development (Commission's proposal to the Gothenburg European Council) (COM(2001) 264)

Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions – The state of the competitiveness of the EU forest-based and related industries (COM(1999) 457)

Communication from the Commission on Energy for the Future: Renewable Sources of Energy (White Paper for a Community Strategy and Action Plan) (COM(97) 599)

International processes relating to forestry
(this is not an exhaustive list; it gives some examples of the international processes in which the European Union is involved)

Intergovernmental Panel on Forests (IPF, 1995-1997),
International Forest Forum (IFF, 1997-2000) and
UN Forest Forum (UNFF, 2000-)
UN Conference on the Environment and Development (UNCED), Rio de Janeiro (Rio Declaration, 1992), Agenda 21, forest principles
Convention on Biological Diversity (CBD), signed 5 June 1992 in Rio de Janeiro, effective in December 1993
Ministerial Conference on the Protection of Forests in Europe (MCPFE)
Intergovernmental Panel on Climate Change (IPCC), United Nations Framework Convention on Climate Change (UNFCCC, 1994) and Kyoto Protocol (1997).