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MANAGING STATE FORESTS RESPONSIBLY

EU carbon removals certification should incentivize long-term climate benefits over short-term carbon offsets

EUSTAFOR position[1] on the proposal for a Regulation on establishing a Union regulatory framework for the certification of carbon removals

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In the introductory part of the proposal, the European Commission notes that, in order to achieve deep global cuts in GHG emissions, '*first we have to improve the efficiency of our buildings, transport modes and industries, to move to a circular economy, and to massively scale up renewable energy*. In that regard, the European State Forest Association (EUSTAFOR) calls for an extra careful approach while setting up a carbon removals certificate system through EU legislation. Such a system cannot serve solely as a tool to offset the emissions of the emitting sectors by natural ecosystems, i.e. forests. Such an approach would be problematic for the following reasons:

i. Forests and forestry are already delivering significant results in terms of carbon removals. Additional potential exists; however, it may be limited since the goals of sustainable forest management (SFM) are much broader. Namely, the objectives of SFM are not short-term gains but they aim at keeping forests productive, resilient and healthy in a long run. Still, forest expansion including through afforestation should continuously be supported. In the context of carbon removals, it guarantees many climate-related benefits, mostly in the long term.

ii. Forests cannot be depicted as an infinite carbon storage and carbon sink capacity because that ignores forest life cycle principles as well as the fact that climate change is also negatively affecting forest ecosystems. If forests are used only as carbon sink, their storage capacity will eventually be filled, and even the carbon that was sequestered and stored in trees will be released in result of aging, dieback and ultimate decomposition of trees. To maximize carbon sequestration, new young and middle-aged forests are needed, because forest growth, production and viability is highly correlated with carbon sequestration by trees.

iii. Carbon removals certification must not under any circumstances become a tool for greenwashing, allowing the emitting sectors to continue their business as usual. The EU climate policy should clearly state that buyers of potential offset credits should in the first place maximize their efforts to reduce fossil carbon emissions as the key reason behind climate change, and only then be able to reach out to offsetting. Furthermore, it is very important that the certification framework offers clear solutions on avoiding the risk of fraud and double counting.

[1] Any statement in this document is to be considered as a reflection of the best available professional expertise and does not necessarily reflect the political commitments of individual member states.

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In the climate mitigation context, besides looking at how much CO2 can be removed from the atmosphere, the stronger focus should be on how to secure long-term flow of sustainable, renewable raw materials that will replace as much as possible the use of fossil-based materials, hence directly prevent the inflow of new non-biogenic carbon to the atmosphere.

That being said, EUSTAFOR would like to express the following key concerns regarding the current proposal:

- **Quantification**: Determining a baseline for quantification of carbon removals will probably be the key and most difficult task. Even if it might be more complex to define the forest sector's carbon removal permanence and additionality compared to other more technical solutions, the carbon removal certification framework must find a way to verify the overall picture of the forest sector's carbon removal processes. The Commission must secure a transparent discussion and rely on the input of the newly established expert group on carbon removals, that will hopefully include experts that will deliver science- and fact-based recommendations. SFM should be considered as a nature-based solution that has been already delivering the contribution of the forest land use vis-à-vis carbon sequestration. Its added value needs to be recognized compared to other carbon capture methods which may require either significant technology development, financing or the assessment of environmental impacts.

- **Additionality**: While the intention to trigger additional carbon removals is understandable, it seems rather unclear what will be the status of those actors, such as state forest managers, who have been increasing carbon sinks in the past and are still delivering a significant contribution in terms of carbon removals within their statutory requirements. For example, some Member States have already established certain national targets to increase carbon sink in state forests, and these projects would most probably not be defined as additional. This raises questions whether the proposal is equal for all actors and whether instead of focusing only to the present, a certain time span with a cutoff date in the past as a baseline could be worthy to explore.

  Another aspect of concern is the overall lack of understanding of forestry within the proposal. One of the main objectives of sustainable forest management is to tend forest stands which will result, among others, in higher quantity or better quality raw material to be used in long lasting products that lock carbon for a longer period. On the contrary, without management practices, the result will be a higher share of low-quality material, next to the lower forest health, resilience and productivity. The certification must acknowledge SFM practices as the key tool for locking in additional carbon, and not focus on fabricated short-term gains of non-management. Therefore, the substitution effect of materials from a biogenic carbon cycle replacing emissions of the fossil carbon cycle materials requires proper consideration.

- **Finance**: The proposal properly acknowledges that providers of carbon removals face barriers to access finance, but it does not adequately cover all

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aspects of it. Namely, even though transaction and switching costs mentioned by the proposal are relevant in the process, the proposal omits to point out to the cost of obtaining the certificate itself, especially the proposed assessment of the carbon benefit to be provided by the operator, and the subsequent audit by a certification body. In case the future carbon certificate uptake fails, the carbon providers will be those who will suffer the economic impact of such an investment. Therefore, prior to setting up a regulatory framework, an assessment on the feasibility and readiness of the governments, the industry, and the market actors to engage in offering a fair price for the carbon should be done.

To conclude, EUSTAFOR underlines that the ultimate goal of forest-related policies in the EU should be to promote sustainable and multifunctional management of forests, respecting all three pillars – environmental, economic, and social. Sustainable forest management is enshrined in the Member States' national forest laws and international commitments and are subsequently confirmed by already existing private certifications systems. Therefore, related EU legislation should only be complementary and subsidiarity-based. Whether and how certain aspects of sustainable forest management, such as carbon removals, could be improved and deliver more than today, should be first subject to sylvicultural research and then well-informed policy decisions. Only then, certification systems can be considered as facultative instruments of a voluntary status. The latter must embrace coherent and functional guidelines for the markets and enable the forestry sector's participation. The proposed certification system should be assessed also from cost/benefit ratio point of view. In this context, EUSTAFOR underlines the importance of including Member State experts and independent research into the development of the carbon certification methodologies instead of delegating this task exclusively to the Commission.

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