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EUROPEAN PAPER

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Sub-title



# Forest policy updates

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# Overview

- EU Deforestation Regulation
- Renewable Energy Directive III
- Nature Restoration Regulation



# Regulation on deforestation and forest degradation

## Timeline

- **November 2021:** Proposal published by the European Commission
- **December 2022:** Agreement between Parliament and Council
- **17 April 2023:** Approval in the plenary of the European Parliament
- **June 2023 (tentative):** Expected publication in the Official Journal of the EU, entry into force 20 days hereafter
- **December 2024 (tentative):** Entry into application of obligations for operators (June 2025 for small enterprises)

## Goal and scope

**Goal:** Minimise the risk that products coming from **supply chains associated with deforestation or forest degradation** are placed on the EU market → **obligation of due diligence**

**Scope:** Palm oil, soy, **wood**, cattle, cocoa, and coffee and some derived products, e.g. leather, furniture, **pulp and paper of chapters 47 and 48 of CN**, ***printed products (Chapter 49 of CN)***

*New compared to EU TR*



# Main obligation for operators and traders

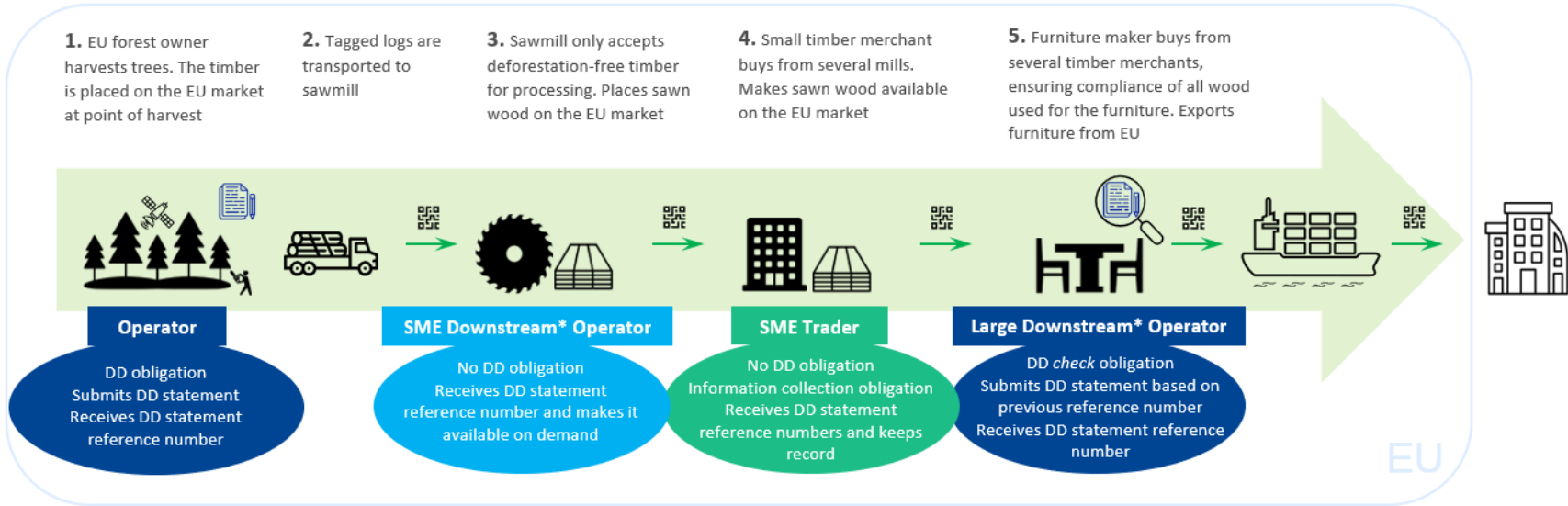
Can not **place on** the EU market/  
**export from** EU market relevant  
commodities and products unless:

- a) They are **deforestation free (= not issued from deforestation or forest degradation)**
- b) They have been produced in accordance with **legislation of the country of production** →
- c) They are covered by a **due diligence statement**

Legality already covered by EU TR:

land use rights
environmental protection
forest-related regulations including forest management and biodiversity conservation, where directly related to wood harvesting
third parties' rights
labour rights
human rights protected under international law
the principle of free, prior and informed consent, including as set out in the United Nations Declaration on the Rights of Indigenous Peoples
trade and customs regulations
Tax and anti-corruption

# Due diligence for the entire value chain



\*Downstream is used for "operators and traders further down the supply chain", as per Article 4(8), 4(9), and 4(9a), and Article 4a(2)

Please note that infographic shows an example of a potential supply chain scenario and is not representative of all supply chains

# Steps of Due diligence under EU DR

Due diligence:

*New compared to EU TR*

- 1) Access to information
- 2) Risk assessment
- 3) Risk mitigation

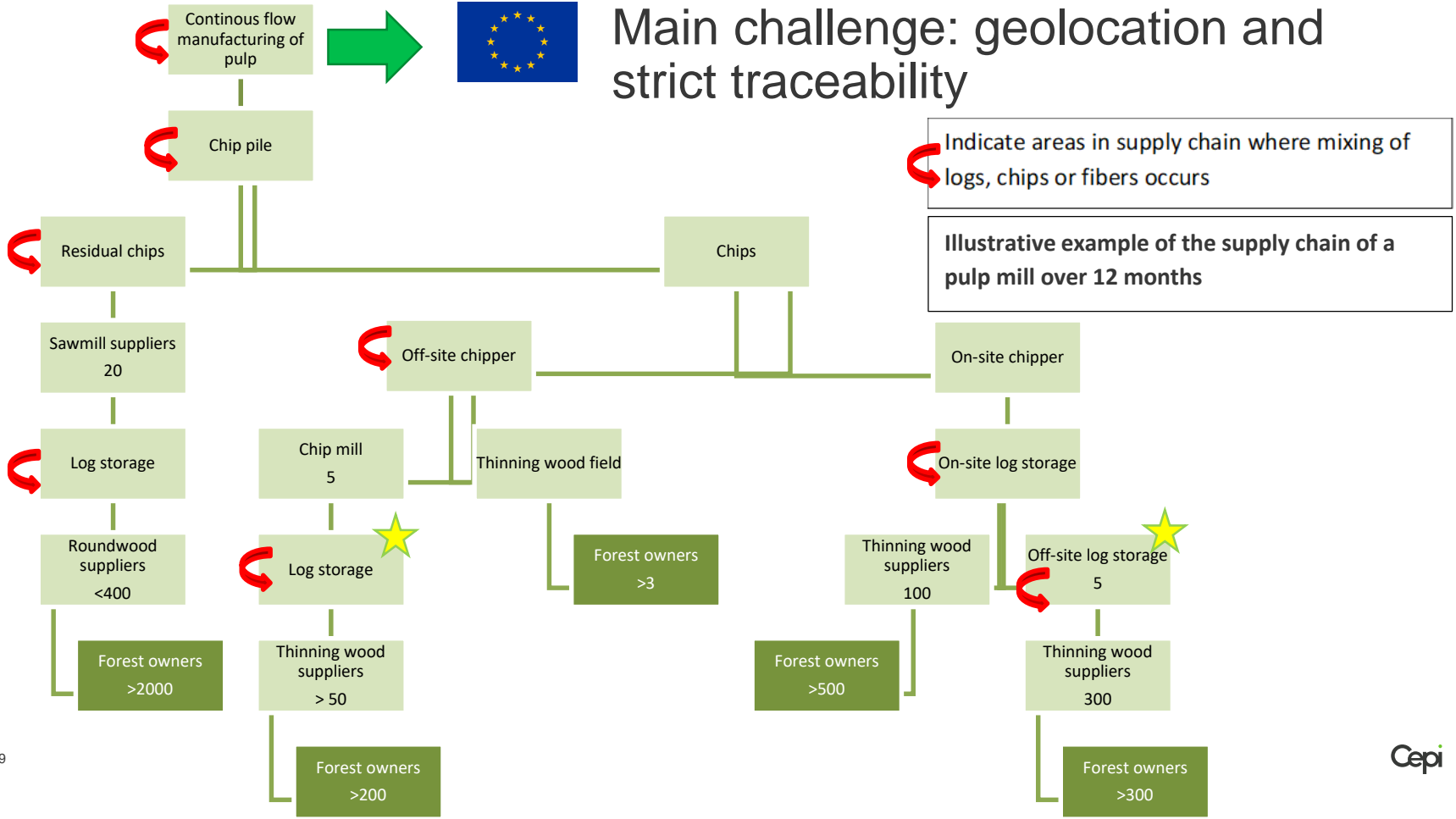


- (a) description, including the trade name and type of the relevant products as well as, in the case of relevant products that contain or have been made using wood, the common name of the species and their full scientific name;
- (b) quantity
- (c) identification of the country of production and, where relevant, parts thereof;
- (d) **geolocation of all plots of land** where the relevant commodities that the relevant product contains, or has been made using, were produced, as well as **date or time range of production**. (...)





# Main challenge: geolocation and strict traceability



# Cepi action

- Guidance for members: questions & answer document, decision tree
- Participation in Commission's Deforestation Platform
- Input to further guidance?



# Industry's needs – principles for a workable traceability system

Interoperability

Cost efficiency

Data security

Transparency

# Renewable Energy Directive III



Outstanding issue: role of **primary woody biomass (PWB)** for renewable energy

EP proposes **limitations to Primary Woody Biomass** = PWB would be counted towards the renewable energy target 2030, but **only up to a certain cap** (= average consumption share between **2017 and 2022**), **not eligible to financial support**.

+ Strengthened **sustainability criteria** on harvesting, highly biodiverse areas etc.

In the **Council** there is a blocking minority of 12 countries against limitations to primary woody biomass (**sustainability criteria** would still apply)

*Possible  
compromise still to  
be defined?*

## EU Renewable Energy Directive III

Compromise reached in principle on the **cascading use of wood**:

- Article 3(3) on the cascading principle establishes that woody biomass should be used according to its highest economic and environmental added value, + some derogations from this principle.
- implementing act to specify the Council's derogations on the cascading principle in Article 3(3)



# Nature Restoration regulation : overview of the proposal



Put into place restoration measures which together would cover at least **20%** of the Union's land and sea areas by 2030 and all areas in need of restoration by 2050

Restoration targets for habitats and species covered in the Habitats and Birds Directives (Art 4)

But also restoration obligation for all **forest ecosystems** outside protected areas (Art 10)

## Nature Restoration regulation– Targets for forests

### Art 10 Targets

Obligation for MS to put in place restoration measures necessary to enhance forest biodiversity at national level and to achieve an increasing trend in 6 indicators (until **satisfactory levels** are achieved):

*deadwood* (standing);

*deadwood* (lying)

*Share of forest with uneven age structure;*

*Forest connectivity;*

*Common forest birds index;*

*Stock of organic carbon* in litter and mineral soils

# Nature Restoration Law - Cepi Action

Position paper + amendments

Main recommendations:

- 1) Set realistic targets**
- 2) Improve the assessment of habitats before new obligations**
- 3) Allow MS to choose forest indicators most suited to local circumstances**
- 4) Involve all stakeholders (incl. industry) in National Restoration Plans**



Brussels, 29 November 2022

## Cepi position paper on the proposal for a Regulation on Nature Restoration

Cepi supports the European Union's goal to enhance the health and resilience of ecosystems. The European pulp and paper industries source 86% of the wood they use from the EU and share the fundamentally important objective and interest to keep the European forests healthy and growing. This includes maintaining and enhancing biodiversity, which is a key component of forest ecosystem stability and productivity. We firmly believe that sustainable forest management offers the solutions to enhance environmental functions of forests, including biodiversity, alongside social and economic ones. This includes balancing biodiversity protection and restoration with other essential functions of the forests, such as provision of sustainable and renewable raw materials and bioenergy.

The achievements of sustainable forest management in maintaining or enhancing biodiversity should be acknowledged. The Forest Europe 2020 report shows that over the years, sustainable forest management, in both protected and non-protected areas, has led to improving or stable trends for many biodiversity indicators, such as deadwood volumes, tree species diversity and forest bird species, alongside an increase in the forest area and in growing stock<sup>1</sup>. We acknowledge that a relevant share of specific vulnerable forest types listed in the Habitat Directive is not in a favourable conservation status, and that action is needed to restore those areas. However, the condition of many of these areas is currently classified as "unknown". Member States should therefore be requested to review and report the condition of these habitats prior to further developing the restoration legislation. In order to increase clarity about the impacts of the new draft legislation, it is important that the proposal does not build on the incomplete reporting by Member States.

As an overarching principle, we would recommend that the legislative framework is flexible enough to allow management interventions in the restored areas that may be necessary to adapt the forest to changing climatic conditions. For example, Annex VII mentions the reintroduction of native species as an example of restoration activity, but what needs to be insured is that the species are also suited if the changing climate impacts the native habitat.

# Nature Restoration Law - Timeline

## December 2022:

**05/12** Consideration of draft report in ENVI Committee

## January 2023:

**19/01** Deadline for amendments in ENVI Committee

## May 2023

**24/05** Expected adoption of report in ENVI Committee

## June 2023

Swedish Presidency aims at reaching a general approach in Council

## July 2023

Expected Plenary adoption in the Parliament

**Second half of 2023** => Trilogues (tbc)



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