

**EUSTAFOR's Input to the Consultation of the Roadmap:
Inception Impact Assessment of the Commission Delegated Regulation on
Sustainable Finance – EU classification system for green investments**

The European State Forest Association (EUSTAFOR) appreciates the possibility to provide input on this consultation. EUSTAFOR already provided its [feedback](#) to previous consultations related to the EU Taxonomy, however, with limited uptake in the final TEG Report. EUSTAFOR shares the view that forests, sustainable forest management (SFM) and forest-based products have great potential to contribute to the climate mitigation and adaptation objectives and the climate neutrality objective enshrined in the EU Green Deal. EUSTAFOR welcomes the fact that forestry and SFM are subject to the EU Taxonomy. However, the way in which the latter embraces SFM requires further examination by the Commission and the Member States, with due consideration of the opinions of forest owners and managers.

As explained in our official statement “Let's Build a Future-Fit Europe Together” (December 2019 ⁽¹⁾), EUSTAFOR wishes to reiterate that European forests must be actively and professionally managed in order to maximize their input to the objectives of the EU Green Deal. For this reason, the concept of SFM must be defined and implemented in such a way that a balance among the environmental, social and economic functions of European forests is ensured. The organisations associated within EUSTAFOR manage state forestry assets according to strong and strict national forest governance systems that ensure SFM.

The definition and principles of SFM have been developed and internationally agreed by European governments and the European Union under the Forest Europe process (Helsinki Resolution 1 of 1993 ⁽²⁾). Subsequently, these political commitments were introduced into modern forest legislation of MS and into the EU Forest Strategy. Forest Europe also provided framework solutions for European countries to develop their own instruments to implement the SFM concept, such as criteria and indicators for SFM, national forest programs or operational level guidelines. Such an approach fully respected different national and regional biogeographical circumstances that are crucial in forestry since our sector is, and should be, guided in the future by the rule: “No one size fits all.” Consequently, the EU Taxonomy must be built on a clear and unambiguous reference to Forest Europe's definition of SFM and its principles as well as its various implementation tools.

EUSTAFOR would like to recall that the Council of the European Union has already stated ⁽³⁾ that, although the EU has a variety of forest-related policies, the Treaty

¹ https://eustafor.eu/uploads/EUSTAFOR-Letter-to-European-Policymakers_web.pdf

² https://www.foresteurope.org/docs/MC/MC_helsinki_resolutionH1.pdf

³ Conclusions of the Council and of the Governments of the Member States sitting in the Council on the Communication on Stepping Up EU Action to Protect and Restore the World's Forests (adopted 16 December

on the Functioning of the European Union does not refer to a common EU forest policy, that the responsibility for forests lies with the Member States, and that all forest-related decisions and policies in the EU must respect the principle of subsidiarity and Member States' competence in this field.

EUSTAFOR strongly believes that the Commission and the Members States should jointly develop the technical screening criteria for the EU Taxonomy based on sound forest research and the strong field expertise of forest managers, in order to make them feasible and reliable. Moreover, the technical screening criteria should build upon a one-off system of non-single end-use specific criteria ⁽⁴⁾ for forest functions and products which, in future, could also be used by other sectors, as appropriate. The risk-based approach for the sustainability of forest biomass of RED II provides a good point of departure. The EU Forest Strategy should be the right framework to further refine and advance these criteria, including by examining whether and how to embrace concepts, such as "closer-to nature" management within SFM.

EUSTAFOR underlines that the future sustainability system of the EU Taxonomy will have a significant impact on the level of investments in forestry/SFM and, therefore, on the economic viability of the sector. Regrettably, the TEG report gives insufficient attention to the role of forests as a source of renewable raw material and green employment as pillars of a bio-based circular economy, which are necessary to achieve Europe's climate neutrality objectives 2050.

To conclude, forestry is a complex and comprehensive system characterized by an overall guiding principle of durability and continuity of forest cover and a long life/production cycle. The EU Taxonomy and its technical screening criteria must respect these principles. Departing from this commonly agreed and already implemented understanding could lead to an incoherent use and application of sustainable forest management in the future and, thus, will seriously impede achieving the objectives of the EU Sustainable Finance Action Plan.

2019); Council Conclusions on the progress on the implementation of the EU Forest Strategy and on a new strategic framework for forests (adopted 15 April 2019)

⁴ See strategic orientation in [EU Forest Strategy p. 8.](#)