

EUSTAFOR Statement¹ on the European Commission's Nature Credits Initiative

Considering the Commission's recently presented Roadmap towards Nature Credits EUSTAFOR welcomes the recognition of nature and forests as a vital asset to Europe's competitiveness and the intent to incentivise nature-positive actions through a market-based approach. EUSTAFOR represents state forest organisations managing more than 30% of Europe's forests accounting for 55.5 million hectares; its members provide, with the combined expertise of 130.000 employees, the daily management of state forests in Europe based on high-quality forest management standards. Therefore, we underline that the primary producers and public land managers should have a central position in the development of such Scheme.

EUSTAFOR wishes to positively contribute to the European Commission's ambition to develop a credible and high-integrity nature credit system that mobilises private finance for biodiversity and nature restoration. However, to succeed, the system must be inclusive, equitable, and based on realistic forest management contexts, including the existing national legislation provisions. For that we recommend considering the following aspects when developing the new Nature Credits proposal:

Recognition of Broader Ecosystem Services and Multifunctionality

One of the limitations of the current debate lies in the apparent focus on mainly nature restoration and conservation projects. While nature credits should provide additionality and provide extra benefits to current efforts in nature conservation, it is important to also reward efforts and practices that have already integrated biodiversity objectives and enhancement of ecosystem services with timber production for decades. The prioritisation of "new" nature-positive interventions, namely afforestation of degraded land or peatland rewetting, while largely excluding the continuous, multifunctional stewardship exercised by state forest management organisations risks overlooking and failing to compensate managers for the countless ecosystem services that they provide, such as forest fire prevention, adapting non-resilient stands to climate change, blue water, soil and erosion control, recreation, among many others.

It is important not to send a mixed signal to public managers who have already invested significantly in aligning with EU and national biodiversity and climate goals. State forests have long embraced multifunctionality, and in many cases included close to nature and biodiversity positive management practices. Failing to recognise these contributions in a nature crediting scheme would not only undermine existing good practices but may also unintentionally incentivise more extractive, short-term land uses in areas outside the nature credit system.

Additionally, it is important to highlight that is crucial that nature credits should not end up taking land out of production or imposing restrictions that reduce the productivity of forests. The scheme should support public landowners and managers to deliver nature positive actions and strengthen our biodiversity while maintaining their economic activities.

Stakeholder Inclusion and Governance Ambiguity

Although the European Commission acknowledges the importance of engaging land managers, including foresters, in the current stage it is still not explicitly including relevant and well-established actors such as the EU Standing Forestry Committee or the EU Forest and Forestry Stakeholders Platform in the proposed governance. Any governance model that intends to guide the development of technical criteria, indicators, monitoring

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 organisations.

mechanisms, or certification bodies must actively and formally include forestry stakeholders from the onset.

EUSTAFOR remains ready to contribute constructively with the knowledge of its members to the forthcoming expert group but urges the Commission to ensure that forestry interests are fully embedded in the design, evaluation, and implementation of the nature credit framework. A credible and functional system requires that forest managers, particularly those managing public forests, have both a voice and a seat at the table.

Unclear Eligibility and Benefit for Public Forest Owners

The Commission recognises nature managers, primary sector landowners and private managers as end beneficiaries, however, there is concern about the ambiguity surrounding whether state/public forest owners are also considered to generate and benefit from nature credits. There is a lack of precision in defining which categories of ownership or governance structures qualify for participation in the nature credit scheme. This lack of clarity creates uncertainty and risks excluding public forest owners from fully participating. As a result, a significant portion of Europe's Forest landscape, and with it, a major share of biodiversity potential, may be left out of the crediting mechanism, undermining both the ambition and equity of the entire initiative.

Additionally, state forest management organisations, which are mandated to deliver long-term public goods, may face legal, financial, or administrative limitations when engaging in market-based instruments. For example, it is not clear whether state forest entities will be able to directly monetise credits, or whether revenues from such credits would be re-investable in management operations.

Clear inclusion of public forest owners and appropriate design and governance that is also considering the specificities of public forest owners will need to be developed as the initiative risks sidelining the very stakeholders who have long delivered sound ecological, economic, and social services through sustainable forest management.

Two step certification approach

A two-step model, comprising certification followed by credit issuance, is initially a positive approach. This, however, should be developed by integrating already well-established existing certifications and with a wide acceptance throughout the sector.

Nevertheless, in the case of forest ecosystems and especially in a context of climate change, with potential unpredictable forest disturbances such as forest fires, windblow or pests, this may lead to the inability to provide the benefits desired, akin to what we are now seeing with the LULUCF and the carbon accounting related legislation. The fact that credits are to be issued only after biodiversity results are achieved, raises many questions and involves a degree of risk and uncertainty that is hard to estimate.

It is important to highlight that for state forest managers, bound by strict procurement and accountability frameworks, the requirement to first certify actions and then quantify results can create uncertainty and upfront investment needs without guaranteed returns. Clear and simple systems with security guarantees must be developed to avoid overcomplexity, cost, and administrative burdens, and still incentivize nature positive actions.

Moreover, clarity must be central, especially on how certification will interact with existing standards. While the Commission rightly emphasises the need to align with EU sustainability frameworks, the implementation path can become complex. In the development of the scheme, special attention will need to be placed on avoiding the risk of setting up requirements that end up in duplicative certification procedures, further increasing costs and deterring participation. The market's early-stage immaturity compounds this concern, as demand for credits is still emerging and investment drivers remain uncertain.

EUSTAFOR recommends that the certification and crediting system be built upon existing, recognised forest certification schemes, and integrate their methodologies with binding requirements of national legislation. In addition, the future system must be accompanied by financial and technical support mechanisms, including public seed funding, capacity-building, and advisory services targeted specifically at public forest entities.

Functional Integration with Carbon Credit Systems

The Commission appropriately draws lessons from the voluntary carbon market and signals a willingness to explore synergies between carbon and biodiversity credits. However, the alignment between the nature credits initiative and the existing Carbon Removal Certification Framework (CRCF) remains underdeveloped. It is unclear to what extent projects already certified under CRCF could qualify for biodiversity crediting, or whether dual certification will be possible, practical or needed.

Forest managers engaged in carbon farming, nature-based solutions or payments for ecosystem services need coherent crediting systems for both Nature and Carbon. Current signals suggest that only biodiversity conservation and nature restoration projects may qualify, while non-commercial resilience-oriented interventions (e.g., stand adaptation, restoration after disturbances, fuel reduction, firebreak maintenance, watershed protection...) may not be included even though they prevent or minimise the impact of major natural disasters, such as forest fires or tree mortality due to drought, among others, that can lead to ecosystem degradation and possible additional CO₂ emissions. Excluding such activities from credit eligibility will reduce incentive alignment and limit the scope of the nature credit market.

Additionality and Incentivising Enhanced Forest Management

A fundamental concept in the proposed nature credit system is that of additionality. EUSTAFOR recognises the necessity of this principle to maintain the integrity of the market and prevent crediting for activities already mandated under existing policy frameworks. However, clear definition of additionality should be made as well as how it should be measured, and applied, particularly in the context of forests already under legally binding management obligations.

Public forest owners and managers often operate under national and EU mandates that require a baseline level of environmental performance. Therefore, to qualify as "additional," new or enhanced forest management practices must demonstrably exceed these baseline commitments. It is essential that the Commission allows for a flexible interpretation of additionality that recognises not only new interventions but also enhanced, more ambitious measures within existing sustainable management frameworks. By acknowledging progressive actions of public forest managers and not just "new" restoration on degraded sites, the crediting framework can motivate ongoing innovation and continuous improvement, rather than just first-time compliance.

Addressing Leakage and Avoiding Greenwashing

EUSTAFOR is also concerned about the risks of ecological leakage, offsetting and greenwashing, which could undermine both the environmental and reputational credibility of the system. As mentioned earlier, reduced harvesting in one forest can potentially be compensated by increased extraction elsewhere, and not only within EU borders. There is a clear risk to the system may lead to unintentionally incentivising more extractive, short-term land uses in other areas. State Forest Management Organisations are already implementing the mitigation hierarchy and compiling to the most up to date environmental requirements. Forest management additionality must be again well defined, and the future nature credits scheme must have clear definitions of offsetting, and what management practices and actions are allowed as well.

A future scheme must incorporate mechanisms to detect and prevent unintended consequences with methods and measures well established by professional experts and scientists to encompass the daily realities of forest and other ecosystems' owners and managers.

Similarly, without transparent verification, there is a risk that nature credits could be misused as public relations tools, decoupled from meaningful ecological outcomes. This form of greenwashing not only damages market integrity but also diminishes public trust in nature finance.

The scheme should have a local impact and scope, investing in nature positive and ecosystem services at Member State level respecting local ecosystems reality and considering local realities.

We call on the Commission to:

- Recognise multifunctionality and already implemented nature positive, ecosystem services provision and climate prevention and adaptation as eligible for crediting.
- Ensure the full inclusion of state/public forest owners as both beneficiaries and active stakeholders.
- The Nature Credit scheme should build on already existing certification systems and include those in regional and national levels.
- Clarify governance structures and formally include forestry bodies.
- Simplify certification processes, set up guarantees and science-based safety mechanisms.
- Impact and investment should be at a local level respecting Member States and regional realities.
- Guarantee financial and institutional support for public forest managers.
- Clarify carbon and biodiversity markets interrelation

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