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Delegations will find attached document SWD(2022) 168 final.

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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT
Accompanying the
proposal for a Regulation of the European Parliament and of the Council
on nature restoration

{COM(2022) 304 final} - {SEC(2022) 256 final} - {SWD(2022) 167 final}

Executive Summary Sheet (Max 2 pages)
Impact assessment on the Nature Restoration Law
A. Need for action
What is the problem and why is it a problem at EU level?
The general problem is that biodiversity loss and the degradation of ecosystems continue at an alarming rate. As outlined in the European Green Deal, this is one of the biggest threats facing the EU in the next decades because our society and economy are heavily dependent on the benefits that healthy ecosystems provide. Geo-political developments in Europe have underlined the need to safeguard the security and the resilience of food systems, and furthermore, climate change and biodiversity loss pose significant long-term threats to agricultural productivity. The restoration of nature acts as an insurance policy to ensure the EU's long-term sustainability and resilience across a range of economic sectors. However, to date, ecosystem restoration across the EU has been widely insufficient to address these challenges, and ecosystems continue to degrade. Although there are some specific policies that contribute to the restoration of ecosystems, there are many shortcomings: the lack of specific targets in existing legislation such as the Habitats Directive, the fact that several ecosystems (such as forests and agroecosystems) are not comprehensively covered by legislation, and the ineffectiveness of voluntary targets that have previously been set. Overall, the attempts to date have not resulted in sufficient restoration at the scale and level of effort required.
What should be achieved?
The specific objective is to restore degraded ecosystems across the EU (e.g. wetlands, forests, marine, agroecosystems, rivers and lakes and alluvial habitats) and in particular those that have the most potential to capture and store carbon, and prevent and reduce the impact of natural disasters. This should help ensure that the EU's biodiversity is on the path to recovery by 2030, and that restoration measures are put into place for all EU ecosystems in need of restoration by 2050. Responsibilities to achieve the objective will be at EU and Member State level. The operational objectives are: (a) to establish legally binding targets to restore ecosystems and to maintain them in good condition, working in complement with existing legal instruments; and (b) to establish an effective implementation framework where Member States develop National Restoration Plans on how to reach the targets, outlining assessments of condition, restoration planning, reporting, and financing. The Commission will review the plans and periodically assess progress.
What is the value added of action at the EU level (subsidiarity)?
There is added value at EU level due to the transboundary nature of ecosystem degradation. Building on existing EU legislation, coordinated and coherent action is needed to achieve significant levels of restoration, and give the EU the necessary credibility to lead on the global scene.
B. Solutions
What are the options to achieve the objectives? Is there a preferred option or not? If not, why?
Option 1: the baseline scenario assumes implementation of the Biodiversity Strategy for 2030 and relevant EU and national policies, without introducing legally binding restoration targets. Option 2: an overarching legally binding target to restore ecosystems in the EU by 2050. Option 3: a number of ecosystem-specific legally binding targets and obligations to restore a broad range of ecosystems by 2030, 2040 and 2050 (e.g. wetlands, forests, marine, agroecosystems, rivers and lakes and alluvial habitats). Additional targets for those ecosystems for which sufficient information is not yet available, can be introduced at later stages based on an EU-wide methodology. Option 4: is a hybrid of options 2 and 3: an overarching objective to drive overall progress supported by legally binding ecosystem-specific targets. This is the preferred option.
What are different stakeholders' views? Who supports which option?
Stakeholders support the view that much more needs to be done on restoration and in legal terms. This is supported

by several views for an overarching goal as well as ecosystem-specific targets. Some stakeholders, including those who are working with natural resources/habitats on a daily basis (especially foresters and some land users) question the added value for additional legislation.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise of main ones)?

The preferred option 4 will provide a range of benefits. Firstly, it will bring significant improvements in the state of biodiversity and the health of ecosystems across the EU. The phased approach brings positive gains quickly and broad coverage is also ensured in the longer term. Improvements in the health of ecosystems will also result in significant increases in their capacity to deliver several benefits such as climate change mitigation, preventing and reducing the impacts of disasters, improved water quality, cleaner air, healthier soils and overall wellbeing. The assessment shows that the **benefits by far outweigh the costs**. The benefits of restoring a broad range of EU peatlands, marshlands, forests, heathland and scrub, grasslands, rivers, lakes and alluvial habitats, and coastal wetlands can be estimated as of the order of **EUR 1 860 billion** (with costs estimated as of the order of EUR 154 billion). Significant benefits are also estimated for other ecosystem types, such as marine and urban, and the restoration of pollinator populations.

What are the costs of the preferred option (if any, otherwise of main ones)?

The main costs will stem from the restoration of ecosystems and their maintenance. Some costs may occur due to foregone incomes, such as to farmers, forest owners or fishers, while transitioning to more sustainable practices; these costs could be partially or totally covered under EU and other sources funding. The preferred option also entails administrative costs to develop common monitoring systems, to develop and implement national restoration plans, to check progress. Costs would occur at both Member State and EU level.

What are the impacts on SMEs and competitiveness?

The preferred option will generate especially in the longer term positive impacts on businesses that directly depend on healthy ecosystems (less floods, droughts, better water quality and quantity, SMEs involved in the restoration activities), as well as the tourism business. Some costs are expected for farmers, foresters, and fishers in changing the management of the land, from reduced fishing, or by adapting it to new practices.

Will there be significant impacts on national budgets and administrations?

There will be costs for undertaking active restoration efforts, as well as for purchasing land, compensating landowners, land users, or fishers for additional costs and income foregone, as well administrative costs for Member States in developing and executing national restoration plans. A significant part of the 10% of the MFF foreseen for biodiversity by 2026, can be used to support the Member States.

Will there be other significant impacts?

The EU would lead by example in international negotiations on biodiversity, such as the under Convention on Biological Diversity. Simplification benefits will stem from the development of common monitoring methodologies and potential reuse of data in other EU ecosystem monitoring contexts. The Nature Restoration Law will also be a key contribution towards the achievement of the European Green Deal, including the objectives of the Climate Law, the 2030 climate objectives and the EU Adaptation Strategy.

Proportionality?

A law with an overarching objective of restoration coupled with a number of specific targets covering a broad range of ecosystems is commensurate to the scale and extent of the objectives to be reached.

D. Follow up

When will the policy be reviewed?

It is estimated that the legal act would enter into force in 2023 and would be reviewed by 2035. Amendments could include additional -targets whenever sufficient data and knowledge would be available. Based on the data and information made available by Member States on a regular basis, the Commission shall assess progress towards reaching the objectives.