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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 a monitoring framework for resilient European forests

{COM(2023) 728 final} - {SEC(2023) 384 final} - {SWD(2023) 372 final} -
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Executive summary sheet
Impact assessment on the initiative on a monitoring framework for resilient European forests
A. Need for action
What is the problem and why is it a problem at EU level? The main problems are the current lack of quality and comparable forest data and of integrated long-term forest planning. Without appropriate and comparable data on forests, which the Member States are not currently providing on their own, it is not possible to achieve the climate, biodiversity and sustainable and circular bioeconomy policy objectives stemming directly from the European Green Deal. Currently, forest data is not complete, comparable and timely, which hampers the possibility to adapt decisions to pressures and impedes the development and implementation of EU forest-related objectives and policies. This situation is worsening due to climate change and direct or indirect human activity and related land use changes, which creates a threat to the health and resilience of forests and their ability to continue providing essential ecosystem services. The current patchy and fragmented forest monitoring in the Member States prevents national authorities and the EU from acting in a timely manner against stressors and threats (e.g. droughts, storms, large-scale infestations, and wildfires) with a cross-border dimension. It also prevents forest managers, the wood-based industry and insurers from deriving the benefits from quality and timely data, such as in relation to damage prevention and new business opportunities from the certification of carbon removals or payments for ecosystem services. In addition, it prevents the EU from fully exploiting the potential of technological developments and digital innovation, particularly in the area of earth observation, which would be of significant benefit to SMEs. Moreover, most national planning instruments do not go beyond a 10-year planning cycle. There is a need for a holistic and long-term analysis and integration of policies and societal demands related to forests to tackle the risk of setting policy targets or objectives that are mutually exclusive.
What should be achieved? The general objective is to develop an EU-wide forest monitoring framework, aiming to help achieve the objective of having healthy and resilient forests, which is essential to the EU's commitment to combat climate change, preserve and restore biodiversity, and improve the level of preservation, protection and quality of the environment. To this end, the proposed action aims to ensure common digitalised, consistent, comparable, timely and accessible data, and to set up a coherent framework for developing integrated long-term forest planning. This is expected to support the adaptation of forests to climate change, strengthen disaster prevention and preparedness, and ensure consistency of different forest-related policy objectives. This initiative is about better data and knowledge and does not affect Member States' forest management policy choices and objectives.
What is the value added of action at EU level (subsidiarity)? Taking action at EU level, within the limits of the objectives that cannot be achieved sufficiently or most effectively by the Member States in the absence of an EU framework, would provide clear added value in terms of consistency and economic efficiency. Action at EU level is justified because of the scale and cross-border nature of the problem, the impacts on people across the EU, the risks to the EU economy from growing disturbances, and the need to monitor the effects of EU policies and legislation and to anticipate the need for policy changes with a view to achieving targets.

B. Solutions
What are the options to achieve the objectives?
Option 1 is based on voluntary coordination through Commission guidelines and sharing of best practice, also through a dedicated expert group, to harmonise national data collection and strengthen forest planning frameworks and mechanisms. Option 2.1 has as key aspects: (i) the set-up of a new EU framework including harmonisation and/or standardisation of forest indicators and mandatory reporting to a common platform on those indicators that are required by EU legislation or are included in international monitoring systems that are relevant to EU policy objectives; (ii) the obligatory use of earth observation with a possibility for Member States to opt in to an EU system based on Copernicus; and (iii) mandatory integrated long-term forest planning based on agreed common aspects to be taken into consideration. Compared to option 2.1, option 2.2: (i) covers indicators beyond current EU and international monitoring and reporting systems mirroring policy priorities; (ii) requires the Commission to operate a single earth observation system to which Member States would be obliged to supply additional data on their forests; and (iii) requires the Commission to issue non-binding recommendations on the integrated forest plans. Option 3 takes a hybrid approach, combining the voluntary aspects of option 1 on long-term planning with the obligatory aspects on forest monitoring (for both ground data and earth observation) of option 2.2. Options covering targeted EU funding and strengthened international engagement were discarded at an early stage. The preferred option is a combination of options 2.1 and 2.2. It would cover the broader list of indicators, the mandatory use of earth observation with an opt-in option for Member States, and the issuance of non-binding recommendations on the long-term plans by the Commission. As regards the indicators, a stepwise approach would be applied. First, a limited list of indicators would be considered for inclusion in the legislative proposal based on their relevance, on the current level of harmonisation, monitoring and reporting, and on the need for higher spatial or temporal resolution. At a later stage, other indicators would be considered for inclusion, also taking into account recommendations by a dedicated expert group.
What are different stakeholders' views? Who supports which option?
The call for evidence showed wide agreement among stakeholders that an EU-wide forest monitoring network should build on existing national forest inventory data, to reduce the risk of duplicating data. In the open public consultation, business associations, companies, forest owners and public authorities tended to show a preference for Member States continuing current monitoring systems. By contrast, environmental organisations, forest data providers the general public tended to favour better integration of monitoring systems, with standardisation of forest monitoring methods. Most respondents stated that there are benefits to long-term forest planning. The most frequently mentioned benefits were a holistic view on forest status and trends as well as overall coordination. However, the added value of strategic planning at EU level was questioned by some respondents, notably public authorities. Member State experts consulted through a dedicated expert group showed general support for harmonised or standardised information on the state and development of EU forests while pointing to the need to build on existing monitoring infrastructure and avoid duplication.
C. Impacts of the preferred option
What are the benefits of the preferred option?
The preferred option is designed to ensure common modern, digitalised, consistent, comparable, timely and accessible data on the state of EU forests, and ensure that all Member States publish integrated long-term forest plans based on high-quality monitoring information related to relevant

EU policy objectives. Therefore, the largest benefits come from setting up an EU-wide framework for forest monitoring and integrated long-term forest planning.

In the case studied, the quantifiable economic benefits of increased use of earth observation (estimated at between EUR 28 million and EUR 37 million by 2035 for tree-cover monitoring) tend to already offset the running economic costs, without considering the additional unquantifiable – but very significant – environmental and social benefits. These include benefits from improved decision-making based on the better data in the areas of climate mitigation (improved implementation of the Regulation on land use, land use change and forestry, and improved forest sink management), forest resilience (supporting prevention and early action), countering illegal logging and deforestation and/or ensuring sustainable provision of forest resources and services.

The initiative will offer numerous opportunities for growth and innovation to European businesses, especially SMEs. Remote sensing will play a greater role in forest monitoring than is currently the case, offering many possibilities to SMEs active in acquiring and processing the satellite imagery, data processing, and providing services related to forests and forestry, including advisory services.

What are the costs of the preferred option? Will there be significant impacts on national budgets and administrations?

Monitoring, reporting and integrated planning would be the responsibility of public authorities, so Member States will need to financially support the transition, also using available EU funds. Obligatory harmonisation and standardisation of selected indicators would have a moderate to significant economic impact on the public budget of Member States, depending on the current situation in individual Member States. The costs would be highest in Member States where a new ground-based system with sufficient sampling plots would need to be set up or where the frequency of the national forest inventory would need to increase. Member States with already developed systems will incur lower additional costs, while those with less advanced monitoring systems can be supported by the EU system based on Copernicus.

Applying the harmonised definitions and methods to the actual data gathering costs on average around EUR 10 000 per indicator per Member State. The average annual cost of forest monitoring through national forest inventories in three sample countries is EUR 42/km² of forest area.

What are the impacts on SMEs and competitiveness?

None of the policy options include any regulatory obligations that would be directly applicable to businesses. In the exceptional case of indicators related to production and use of timber and non-wood forest products, some indirect reporting obligations might arise but are estimated to have negligible costs. On the contrary, due to the greater role of earth observation, the initiative will offer numerous opportunities for growth and innovation to SMEs active in acquiring and processing the satellite imagery, data processing, and providing services related to forests and forestry, including advisory services. Benefits have been identified also for forest managers willing to enter certification schemes and incentive schemes for payments for forest ecosystem services, who will be able to rely on quality forest data. The greater role of modern forest monitoring technologies and reporting systems, using advanced technology, is expected to bring large benefits in terms of digitalisation, in line with the objectives of the digital agenda for Europe.

Will there be other significant impacts?

Despite being difficult to directly quantify as they are often indirect, the preferred option will deliver significant environmental and social benefits as regards climate mitigation, forest health and resilience, biodiversity and ecosystem conditions, invasive alien species, and countering deforestation and illegal logging. By doing so, it will create greater trust in forest data from different stakeholders and support the sustainable provision of forest resources and services.

Proportionality

The combination of aspects selected in the preferred option is proportionate because it is clearly limited to those aspects that Member States cannot satisfactorily achieve on their own, and where

harmonisation at EU level is needed. To this end, Member States are only required to collect forest data that is linked to EU legislation and policy objectives. Moreover, the proposed regulation will be based on sharing of harmonised data from existing national data collection systems. This will minimise the extent to which Member States will have to adapt their data acquisition methods. Member States relying on more advanced forest monitoring systems can continue to use their own data (opt-in), which will be harmonised to ensure compatibility across the EU. No option would lead to the involvement of the EU in Member States' forest management policy choices and objectives.

D. Follow-up

When will the policy be reviewed?

The Commission will design a plan based on a set of milestones to track the implementation of the measures required to achieve the specific objectives against a specific timeframe. The Commission will also monitor the roll-out and impact of the measures on a regular basis using specific criteria. Finally, the Commission will carry out an evaluation, considering the Member States' reporting on the integrated long-term plans, and present it to the Council and Parliament.