EUROPEAN COMMISSION

Brussels, 17.2.2023
SEC(2023) 384 final

*REGULATORY SCRUTINY BOARD OPINION*

# Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on a monitoring framework for resilient European forests

{COM(2023) 728 final}

{SWD(2023) 372 final }
{SWD(2023) 373 final}
{SWD(2023) 374 final }

EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
RSB/

# Opinion

## Title: Impact assessment / Forest monitoring and integrated long-term planning

## Overall opinion: POSITIVE WITH RESERVATIONS

**(A) Policy context**

The EU forest strategy for 2030 announced that the Commission would put forward a new legislative proposal on EU forest observation, reporting and data collection to ensure a coordinated EU forest monitoring, data collection and reporting system. As part of this, Member States would prepare strategic plans for forests and the forest-based sector.

This proposal aims to set up a monitoring framework of specific indicators related to forests and ensure long-term planning for forests by Member States.

**(B) Summary of findings**

**The Board notes the additional information provided and commitments to make changes to the report.**

**However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:**

**(1) The report is not clear about the gaps to be filled and the added value of EU action, in particular regarding long-term forest planning. It is also not clear on the proposed level of EU intervention on long-term forest planning of the Member States.**

**(2) The report does not present all key policy options, including "hybrid" options.**

**(C) What to improve**

(1) The report should be clear about the intervention logic. As regards monitoring, the report should clarify whether its main goal is to provide Member States with support in using Earth Observation technology. The report should also clarify how the envisaged monitoring measures will allow Member States to integrate them in their current monitoring and reporting.

This opinion concerns a draft impact assessment which may differ from the final version.

(2) The report should clearly analyse and discuss the proposed additional obligations for Member States regarding long-term planning and explain why, and to what extent, a governance framework for long-term planning is considered necessary to support the monitoring framework, and why it is needed at EU level.

(3) Considering the heterogeneity of forest across Member States as well as the monitoring and planning already in place, the report should better justify the EU added value of the initiative. It should present clear evidence that Member States cannot solve the identified problems on their own. In particular, it should justify why long-term integrated planning cannot be developed at Member State level, what the gaps identified in current existing planning activities by Member States are, and what the implications would be for national and local authorities and for forest owners.

(4) The report should set out clearly the division of competences between Member States and the EU level and discuss how this initiative will respect these boundaries. As regards the proposed recommendations the Commission would give on the national plans, the report should demonstrate current deficiencies in terms of Member States' capacity to comply with EU policies and targets which would necessitate not only a common framework but also the use of recommendations. It should indicate clearly how this would respect both subsidiarity and proportionality. Stakeholder and Member State views on the distribution of competences should be presented.

(5) Options should be constructed to highlight the specific issues on which policy choices are to be made, as regards both monitoring and planning. The report should treat the "hybrid" option (obligatory monitoring and voluntary planning) as a genuine policy option, assess and compare it along with the other options proposed.

(6) The report should clearly present the current situation at Member State level and show the differences between Member States regarding monitoring systems and planning, and how they fulfil existing EU and international obligations. It should provide clear evidence on the need for harmonisation given the national specificities regarding forests and forest monitoring and planning. It should also explore synergies with other environmental monitoring systems to ensure that duplications of data collection and data analysis is avoided.

(7) The report should present the distributional impacts across the Member States, given that some Member States are more advanced than others. It should clarify the additional resources and capacities that the different Member States would need to mobilise for the implementation of this initiative.

(8) The cost/benefit analysis should be further developed. The report should better describe the specific contribution of this initiative in particular the expected socio-economic benefits and costs for the forestry sector (including in terms of competitiveness), and overall for society and the environment. The comparison of options, which is mainly qualitative, should explain the scoring methodology used.

The Board notes the estimated costs and benefits of the preferred option in this initiative, as summarised in the attached quantification tables.

*Some more technical comments have been sent directly to the author DG.*

| **(D) Conclusion**<br>**The lead DG must revise the report in accordance with the Board's findings before launching the interservice consultation.**<br>**If there are any changes in the choice or design of the preferred option in the final version of the report, the lead DG may need to further adjust the attached quantification tables to reflect this.** | |
|---|---|
| Full title | Legislative proposal for an EU Framework for Forest Monitoring and Strategic Plans |
| Reference number | PLAN/2022/205 |
| Submitted to RSB on | 18 January 2023 |
| Date of RSB meeting | 15 February 2023 |

## ANNEX: Quantification tables extracted from the draft impact assessment report

*The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.*

*If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.*

Table 1: Summary of benefits

| **I. Overview of Benefits (total for all provisions) – Preferred Option** | | |
|---|---|---|
| ***Description*** | ***Amount*** | ***Comments*** |
| | ***Direct benefits*** | |
| Harmonisation/standardisation of forest monitoring | **European institutions**<br>• Cost savings on accessing and utilising higher quality forest data from common mandatory reporting done by Member States resulting, for instance, from reduced administrative costs on data gap filling exercises currently undertaken by the JRC.<br><br>**MS national authorities**<br>• n/a<br><br>**Other stakeholders**<br>• n/a | Benefits are to a large extent indirect |
| Forest monitoring systems including enhanced remote sensing | **European institutions**<br>• n/a<br><br>**MS national authorities**<br>• Potential cost savings, depending on if the current satellite data activities at Member State level are ceased and replaced by EU level monitoring.<br>• Benefits from replacing ground-based data collection with remote sensing. Extrapolated results from a case study on replacing a single indicator (ground-based mapping of clear-cuts) with Copernicus satellite-data shows potential cumulative benefits of between EUR 28 million to 38 million by 2035 across all MS. | Benefits are to a large extent indirect |
| Integrated long-term planning | **European institutions**<br>• n/a<br><br>**MS national authorities**<br>• n/a<br><br>**Other stakeholders**<br>• n/a | Benefits are to a large extent indirect |
| | ***Indirect benefits*** | |
| | • Improved scientific knowledge and facilitation of evidence-based decision-making on forests by administrations and forest managers, facilitating the monitoring of progress towards policy objectives and goals<br>• Easy and access to forest data through a single digital platform, reducing the administrative burden for businesses, citizens, and administrations in search of forest-related information, in line with the EU Digital Agenda | Most benefits of the initiative are fairly indirect since better monitoring and planning in itself does not generate benefits but rather creates the conditions for environmental, economic and social benefits to be addressed through more |

| I. Overview of Benefits (total for all provisions) – Preferred Option | | |
|---|---|---|
| ***Description*** | ***Amount*** | ***Comments*** |
| | • Greater trust in forest data and enhanced use from different stakeholders, stimulating the additional use of forest data beyond traditional users and industries e.g. scientific community, policymakers, certain actors within the forest industries, data-based services, financial sector<br>• Supporting market intelligence and innovative solutions based on forest resources: A comprehensive monitoring and planning framework which improves the data availability on forest stocks and natural capital of the forest sector could facilitate and improve investment decisions, resource allocation, and sustainable finance reporting.<br>• Better information on the quality and quantity of ecosystem services provided by in view of a future implementation of payments for ecosystem services that would compensate and reward forest managers, incentivizing them to enhance or maintain ecosystem services provided by forests, for instance within the framework of the EU Certification of Carbon Removals<br>• Higher climate change mitigation potential of forests through enhanced carbon storage and sequestration: The economic value of the EU forest area's net carbon sink can be estimated at €32.8 billion. EU forests and wood products currently remove approximately 380 MtCO2 eq per year. Enhanced transparency for forest-based removals through this initiative could stimulate further adoption of sustainable carbon farming practices across the EU.<br>• Better control of illegal logging: A solid evidence base for illegal logging activities across the EU through the improved reporting and monitoring of relevant indicators could help Member States and forest owners to reappropriate losses felt from the practice as revenue elsewhere. Further long-term benefits to ecosystem services and larger societal and biodiversity benefits can also be felt from the better control of illegal logging and reduced losses, both economic and biotic.<br>• Reduced deforestation or area of forest cover loss: Improved coverage and monitoring of indicators related to EU forest extent can facilitate advancements in the mapping of deforestation and related better-informed planning for forests, which is particularly important in the case of primary forests and the decision-making regarding their protection.<br>• Reduced biodiversity loss: An improved knowledge base on forest biodiversity indicators could assist in detecting key areas in need of protection which could better inform integrated long-term planning for forests and contribute to reduced biodiversity loss in the long-term.<br>• Reduced forest disturbances and enhanced resilience of forests: Forest damage from disturbances can have large economic consequences. For example, forest fires caused damages worth approximately €1.5 billion per year in Europe in the 1998 to 2009 period and biological invasions in European forests were estimated to cost €20.9 billion over a 60-year period. The existence of an EU-wide framework for reporting and monitoring spatially explicit information to allow early and rapid detection of forest disturbances could reduce the costs associated with controlling and compensating the losses.<br>• More sustainable provision of economic, social and cultural forest resources: Timber provision was estimated at around EUR 16 billion in 2021 and the value of regulatory and cultural ecosystem services (i.e. flood control, water purification and recreation for which forests were | targeted action etc. Also, those indirect benefits cannot be attributed to one aspect of this legislative proposal, but rather to all parts of it working together towards the overall intended general objective. |

| I. Overview of Benefits (total for all provisions) – Preferred Option | | |
|---|---|---|
| ***Description*** | ***Amount*** | ***Comments*** |
| | the main contributor to the total value of nature-based recreation) was estimated at about EUR 57 billion in 2021. The monitoring and planning framework leads to the adoption of decisions that ensure a more sustainable and forward-looking management of forest resources, satisfying the many competing demands on both forest and other ecosystem services helping to safeguard existing and creating new jobs | |
| ***Administrative cost savings related to the 'one in, one out' approach**** | | |
| (direct/indirect) | • n/a since no direct effects on businesses or citizens | |

*(1) Estimates are gross values relative to the baseline for the preferred option as a whole (i.e. the impact of individual actions/obligations of the preferred option are aggregated together); (2) Please indicate which stakeholder group is the main recipient of the benefit in the comment section;(3) For reductions in regulatory costs, please describe details as to how the saving arises (e.g. reductions in adjustment costs, administrative costs, regulatory charges, enforcement costs, etc.;); (4) Cost savings related to the 'one in, one out' approach are detailed in Tool #58 and #59 of the 'better regulation' toolbox. * if relevant*

The most relevant and quantifiable costs additional to baseline are indicated in Table 9 below. The baseline is built on data collection in all Member States to assess the extent to which relevant activities are already conducted in Member States. Based on this baseline, cost in Member States can vary widely, depending on the extent to which they already collect data on relevant indicators, already use EO, or already develop integrated plans.

On the costs related to the 'one in, one out' approach, overall the initiative should generate insignificant administrative costs to businesses and citizens compared to the baseline since the initiative does not introduce new direct administrative requirements applicable to these groups (s. section 6.3.2.)

Table 2: Overview of Costs

| | | **Stakeholders** | |
|---|---|---|---|
| | | **One-off** | **Recurrent** |
| Harmonisation/standardisation of forest monitoring | Direct adjustment and administrative costs | **EU institutions**<br>• Inclusions of additional knowledge products on the FISE platform<br>• Costs from development of harmonisation methodologies based on internal expertise, expert group recommendations and through financing research projects;<br>**MS national authorities**<br>• Limited costs for application of harmonised definitions and methods to existing data sets (approximately EUR 10 000 per indicator)<br>• One-off human resources for adapting workflows and developing of harmonisation methodologies<br>**Citizens/Consumers**<br>• n/a | **EU institutions**<br>• Limited costs for harmonisation of data depending on the number of indicators and reporting frequency<br>**MS national authorities**<br>• Limited costs for continuous application of harmonised definitions and methods<br>• Recurring limited costs for human resources for processing and transmission of data in the MS<br>**Citizens/Consumers**<br>• n/a |

| | | Stakeholders | |
|---|---|---|---|
| | | **One-off** | **Recurrent** |
| | | **Businesses**<br>• n/a | **Businesses**<br>• n/a |
| Forest monitoring systems including enhanced remote sensing | Direct adjustment and administrative costs | **EU institutions**<br>• Cost for setting up data infrastructure<br>• One-off costs for developing EO data products for the pertinent indicators and requirements in terms of remote sensing, recurring in case of updates of the indicator list (around EUR 500 000 annually)<br>• No major costs linked to set-up of EO technologies as building on already existing EO systems<br><br>**MS national authorities**<br>• One-off costs (staff costs) for preparing roll-out of new indicators<br>• One-off costs for new equipment required for measuring the indicators (if needed)<br>• One-off human resources for developing workflows for new data collection obligations<br><br>**Citizens/Consumers**<br>• n/a<br><br>**Businesses**<br>• n/a | **EU institutions**<br>• No major costs linked to operation of EO technologies as building on already existing EO systems<br>• Data processing costs for indicators that are not currently produced by existing EO systems<br><br>**MS national authorities**<br>• Costs depending on indicators already measured in MS, forest area in MS, adequateness of existing sampling grid, number of indicators, reporting frequency)<br>• Possibility to shift costs to EU institutions if using data provided by EU and not using the 'opt-in'.<br>• Average annual cost for operating a National Forest Inventory is 42 EUR/km2 of forest area (based on three Member States NFI costs).<br><br>**Citizens/Consumers**<br>• n/a<br><br>**Businesses**<br>• Data collection for the large majority of indicators would be directly undertaken by public authorities, with no risk that the burden or costs would be passed down to businesses.<br>• In the exceptional case of indicators related to the bioeconomy such as revenue, employment, etc. some basic financial reporting obligations might arise for forest owners, but they are estimated to have negligible costs, as they would be reported at the same time as other financial indicators collected for other purposes .<br>• No major impacts on businesses related to regulatory burden were thus identified under the 'SME Test'. |

| | | Stakeholders | |
|---|---|---|---|
| | | **One-off** | **Recurrent** |
| Integrated long-term planning | Direct adjustment and administrative costs | **EU institutions**<br>• n/a<br><br>**MS national authorities**<br>• Limited costs depending on already existing information, structures and expertise in the MS<br>• Where no comparable information, structures and expertise is in place yet, one-off costs for developing new or adaption existing multisectoral stakeholder dialogue; one-off costs for developing new or adapting existing methodologies for forecasting<br>• Example of Germany which started developing their 2050 strategy in 2015 and spent EUR 500 000 for the preparation of the strategy and EUR 100 000 for dissemination<br><br>**Citizens/Consumers**<br>• n/a<br><br>**Businesses**<br>• n/a | **EU institutions**<br>• Limited costs for issuing recommendations<br><br>**MS national authorities**<br>• Limited costs for reporting depending whether MS already have something comparable in place<br>• Recurring costs for conducting the forecasting exercise<br>• Recurring costs for conducting the stakeholder consultation exercise<br>• Recurring costs for drafting the report<br><br>**Citizens/Consumers**<br>• n/a<br><br>**Businesses**<br>• n/a |
| ***Costs related to the 'one in, one out' approach*** | | | |
| **Total** | Direct adjustment and administrative costs | | |
| | Indirect adjustment costs | | |
| | Administrative costs (for offsetting) | | |

*(1) Estimates (gross values) to be provided with respect to the baseline; (2) costs are provided for each identifiable action/obligation of the preferred option otherwise for all retained options when no preferred option is specified; (3) If relevant and available, please present information on costs according to the standard typology of costs (adjustment costs, administrative costs, regulatory charges, enforcement costs, indirect costs;). (4) Administrative costs for offsetting as explained in Tool #58 and #59 of the 'better regulation' toolbox. The total adjustment costs should equal the sum of the adjustment costs presented in the upper part of the table (whenever they are quantifiable and/or can be monetised). Measures taken with a view to compensate adjustment costs to the greatest extent possible are presented in the section of the impact assessment report presenting the preferred option.*