POSITION PAPER SWEDISH FOREST INDUSTRIES (SFIF)

CRCF Delegated Act on Forest Management

Summary

The delegated act is an opportunity to increase the climate benefits from forestry and a growing EU bioeconomy. The SFIF argues that the following principles are crucial to achieve this. The opposite direction towards steering forest management practices undermines the bioeconomy and the objective of the CRCF.

- The CRCF must remain voluntary and separate from other EU legislation
- The title and content of the delegated act should reflect the focus on carbon uptake
- The scope of activities should be open to locally relevant practices that maximise the total climate benefits
- Quantification and baseline must predominantly be based on simplified template values for the specific activity in the local context
- Activity period, monitoring period, and geographical scope should be flexible and not hinder rotation forestry
- The assessment of co-benefits for biodiversity and ecosystems should be flexible and open to locally relevant aspects

A long-term and stable carbon sink is maintained through sustainable, active forest management

Introduction

Bio-based products manufactured by the forest industry – such as construction materials, packaging, hygiene products and biofuels – are essential to everyday life and play a key role in the transition towards a circular, fossil-free economy. Increasing carbon storage and reducing greenhouse gas emissions are central tools in tackling global warming. Growing forests and wood-based products derived from forest raw materials are therefore critical components of climate change mitigation. Furthermore, it is a cornerstone in a competitive, resilient EU economy self-sufficient on renewable material and energy.

The diversity of forest management methods throughout the Union is related to the diversity of environments and climates but also to history and culture, for example the Swedish ownership structure with many private forest owners with a diversity of forest management goals. In Sweden, the dominant forestry system is rotation forestry, combined with nature consideration throughout all operations. This includes harvesting the majority of the mature trees, with retention of individual trees and tree groups, for example, old trees and deciduous trees, and set-aside areas for biodiversity protection.

Rotation forestry has a strong biological basis linked to the ecological structure and functioning of boreal forest ecosystems, which are characterised by slow growth, low productivity, and nitrogen limitation. Successful regeneration and sustained forest growth require the mobilisation of nitrogen, which occurs through disturbance of soil and ecosystem processes. Rotation forestry is one such disturbance regime and therefore an effective means of stimulating tree growth in boreal forests. Given the significant differences among European forest ecosystems – for example with regard to nitrogen availability – no single forest management system is optimal across all regions of Europe.

Swedish Forest Industries

When combined with nature consideration, rotation forestry can deliver positive biodiversity outcomes, such as increased volumes of deadwood, a higher share of deciduous trees, and favourable conditions for species that depend on open and sun-exposed habitats. These effects are well documented in national statistics and scientific assessments.

An increasingly important and integral feature of rotation forestry is the possibility to implement active measures for climate adaptation and forest resilience. Such measures can be applied at regeneration and throughout the rotation period, including the gradual adaptation of tree species and forest reproductive material to changing climatic conditions.

Carbon removals should be seen as co-benefits of the forest-based bioeconomy, with their magnitude closely linked to the overall size of the EU bio-economy. A long-term and stable carbon sink is maintained through sustainable, active forest management, where healthy forests continue to absorb carbon and harvested wood products store carbon over time, alongside carbon captured in industrial processes. This approach is fully aligned with key EU policy priorities, including the Clean Industrial Deal, the Bioeconomy Strategy, and the Climate Law, notably the objective of increasing substitution effects through a stronger bioeconomy.

Healthy and productive forests depend on active management throughout the rotation period, and such management can be effectively supported by the CRCF. Timely harvesting and regeneration, combined with incentives for growth-enhancing measures, are fundamental to maintaining the forest carbon sink while simultaneously delivering renewable, sustainable raw materials for the European bioeconomy.

Finally, the relevance of the CRCF depends on simplicity and applicability for small forest holders in different regional contexts. The methodologies must solve the challenge of providing attractive financial incentive at low risk, low cost, low administrative burden, and low impact on other revenues. But, most importantly, the CRCF should not add conditionalities that hinder other goals and operations for the forest owner, especially if it comes with present or future financial risks, land value losses or revenue losses.

Position by SFIF: Main Arguments

1. The CRCF must remain voluntary and separate from other EU legislation

The SFIF supports the original objective of the CRCF voluntary framework, but not the idea of incorporating it in the 2040 climate framework.

The CRCF was negotiated with co-legislators as voluntary certification methodologies for activities that can increase forest growth and the total forest carbon sink. While carbon credits should bring co-benefits for biodiversity in a local context, the methodologies should not interfere with locally relevant forest management principles, and the main objective is increased forest growth and carbon sink. The Commissions mandate for delegated acts on forest management remain restricted and conditional to these negotiated provisions.

As a voluntary framework with methodological recommendations, CRCF should not be linked to climate framework obligations, such as a KPI or activity-based target. It should instead be positioned as a voluntary, complementary incentive framework, next to other international carbon credit systems, that supports climate ambition by encouraging forest growth, resilience and long term carbon removals.

It is still uncertain whether the proposed delegated acts will strengthen carbon sinks, as the methodologies are narrow, complex, and with unclear financial incentives. The scope is narrow by design and will therefore only ever be a marginal contribution to any country's total carbon sink. Moreover, the methodologies have not been finalized or tested by certification bodies and operators.

If the Commission intends to integrate CRCF into the climate framework, the regulation and delegated acts should first be reassessed together with co-legislators and stakeholders accordingly.

2. The title and content of the delegated act should reflect the focus on carbon uptake

The use of the term **"improved forest management"** to describe eligible activities under the certification scheme is inappropriate in the context of EU legislation. While the term is commonly used in voluntary carbon markets, it implies the existence of a single, universally preferable forest management approach.

In practice, forest management is inherently objective-dependent. What may be considered an improvement from a carbon sequestration perspective can differ substantially from what is optimal for biodiversity, ecosystem resilience, or other environmental and socio-economic objectives. The use of a normative term therefore risks oversimplifying important trade-offs and embedding a one-dimensional view of forest management in legislation.

From a biodiversity perspective in particular, the term is problematic. Practices aimed at maximising carbon uptake or storage may in some cases have neutral or even negative effects on biodiversity, habitat diversity, and ecosystem dynamics. Labelling such practices as "improved" may therefore create a misleading perception of overall environmental superiority and risk undermining broader EU biodiversity objectives.

Since the explicit purpose of the certification scheme is to promote increased carbon sequestration and storage through active forest management, this objective should be clearly reflected in the terminology. A more precise and neutral formulation, such as **"forest management practices aimed at enhancing carbon sequestration and storage"**, would better reflect the scheme's intent and ensure consistency with wider EU environmental goals.

3. The scope of activities should be open to locally relevant practices that maximise the total climate benefits

The scope of activities under the CRCF should reflect the core objective of the Regulation: to support additional carbon removals at a scale sufficient to contribute meaningfully to the Union's objectives under the Paris Agreement, including the collective achievement of climate neutrality by 2050.

The scope should not prescribe specific forest management methods, but instead rely on existing sustainable and active forest management practices at Member State or regional level. It is important to consider regional differences and leave room for national and regional adaptions. Additionality should be assessed in relation to minimum legal requirements in the relevant Member State.

The 'do no significant harm' principle for climate change mitigation should be interpreted as avoiding measures that reduce the long-term forest carbon sink or limit access to renewable raw materials for substituting fossil-based materials and energy. A landscape or Member State perspective should be applied as the system boundary, ensuring that activities deliver net carbon sequestration and material availability over long time horizons covering several rotation periods. Only projects that clearly quantify relevant risks and demonstrate appropriate mitigation measures should be eligible.

For example, prolonged rotation periods may entail risks for climate mitigation and climate adaptation by reducing the forest carbon sink, forest resilience, and long-term material availability. Such measures do not necessarily increase the share of sawn wood products or overall material-use efficiency.

Every type of activity and project should, therefore, be thoroughly evaluated with regards to its impact on the total climate benefit from the forest bioeconomy, with support from the ISO standard 13391. Only projects that increase the total climate benefit are eligible according to the regulation.

4. Examples of relevant activities that increase growth, carbon sink and overall climate mitigation benefits

The objective of the CRCF is to support increased growth and carbon sinks in forest. It is not to govern choices of forest management methods or details on how they are executed.

The following examples illustrate rotation forestry activities that can contribute to the objectives of the CRCF, addressing both increased removals and climate adaptation. The overarching principle should be that activities increase carbon removals at landscape level and over timeframes spanning several

rotation periods – considerably longer than individual activity or monitoring periods, but also that they increase the total climate benefit from the forest bio-economy.

- Use of improved forest reproductive material.
- Selection of site-adapted tree species or species mixtures suited to climate adaptation and enhanced growth, without excluding non-native species where appropriate.
- Effective regeneration and adapted thinning practices.
- Measures to reduce damage to forest stands, for example from wildlife browsing, insects, or fungal diseases.
- Use of fertilisers to enhance forest growth.

5. Quantification and baseline must predominantly be based on simplified template values for the specific activity in the local context

Given the inherent difficulties in establishing harmonised and standardised baselines for forestry across the EU or within Member States, activity-specific baselines should be the primary approach. National forest inventories, such as the Swedish Forest Inventory, provide robust monitoring of overall forest carbon sinks using effective sampling methodologies. However, detailed monitoring and reporting at the level of individual forest stands entail significant administrative burden and cost. These costs risk offsetting a substantial share of potential credit revenues and may discourage forest owners from participating in the certification scheme.

Methodologies should therefore be designed to be simple and cost-effective. Quantification should predominantly rely on standard or template values based on scientific literature and proven regional experience. For example, the benefits of improved forest reproductive material could be based on average expected growth improvements in a given region, while fertilisation effects could be estimated using established response values for different rotation stages. Such standard values and calculation methods should be developed by local or national experts.

6. Activity period, monitoring period, and geographical scope should be flexible and not hinder rotation forestry

Activity periods (during which net carbon removal benefits are generated) and monitoring periods (during which carbon storage or emission reductions are monitored) should be adapted to the specific activity in question. Many of the activities listed above, individually or in combination, may generate carbon removal benefits over large parts of – or the entire – rotation period.

When activities cover most of the rotation period, or takes place at the end of the rotation period, it is important that the monitoring period does not exceed the activity period. Long monitoring periods must not create lock-in effects that restrict necessary forest management decisions (e.g. harvesting and regeneration). This would risk discouraging rotation forestry and could be counterproductive for climate mitigation.

Longer activity and monitoring periods also increase risks and liabilities for operators, thereby reducing interest in certification. Conversely, very short periods may reduce demand from credit buyers. A balanced approach is therefore needed.

Forest management involves risks beyond the control of forest owners, including storms, pests, wildfire and market fluctuations. Liability for carbon storage over long periods must be clearly defined, balanced and proportionate. Risk-sharing mechanisms should be considered to avoid placing disproportionate responsibility on individual forest owners.

The geographical scope of activities should be determined by the landowner and defined using coordinates or other clear geographical delimitations.

7. The assessment of co-benefits for biodiversity and ecosystems should be flexible and open to locally relevant aspects

Although biodiversity is a mandatory co-benefit for carbon farming activities, the primary focus of CRCF activities should remain on carbon removals. These activities should not be conflated with nature credits or hybrid carbon–nature credits, given the well-

documented trade-offs between climate mitigation and biodiversity objectives. For example, protected areas and continuous cover forestry can reduce the long-term forest carbon sink and the availability of biomass for the bioeconomy.

Nevertheless, biodiversity is already protected and enhanced through sustainable forest management in EU Member States. Measures such as deadwood retention, conservation of microhabitats, tree species diversity, set-asides, and habitat creation are often implemented beyond legal requirements.

An open and flexible approach to fulfilling the mandatory co-benefit requirement is therefore needed. Growth-enhancing forest management measures, when integrated with sustainable forest management principles, can generate significant co-benefits for biodiversity and ecosystem restoration. Active forest management also contributes to preventing land degradation and enhancing forest resilience in a changing climate.

Co-benefits should be linked to the activity area and may occur within or adjacent to it. The most relevant co-benefits in the local context should be described in the activity plan and substantiated by peer-reviewed literature, established practice, or recommendations from competent authorities.

THE SWEDISH FOREST INDUSTRY is an essential contributor in the green transition to a more circular and biobased economy. The industry refines wood resources to bio-based products, such as pulp, paper, board, packaging material, sawn timber, refined wood products, biobased electricity and heat and advanced biofuels. The core business is industrial activities based on wood sourced from sustainably managed forests, but among the industry are also some of the largest private forest holdings in Europe. Any forest, climate, environmental, energy and product related European Union policy is of high importance.

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