

Swedish Forest Industries' position on REDIII in the "Fit for 55"-proposal

## **Refrain from revising RED rules and criteria for forest biomass before scientific evaluation of the current legislation**

The Swedish Forest Industries support the Green Deal and the important goal of a climate neutral society by 2050. We acknowledge that green transition requires raised ambitions on biodiversity, climate and renewable energy. We further acknowledge the contribution from renewables to climate change mitigation shall be governed by the REDIII through targets and principles, under the legal basis for measures to develop new and renewable forms of energy. However, we do not acknowledge that there are any legal, scientific or practical grounds for governing biodiversity and forestry in detail through the REDIII.

**In summary: The Swedish Forest Industries urge the European Parliament and the Council to reject all REDIII proposals introducing new rules and criteria for forest biomass.** That includes primarily "no-go areas", harvest criteria, and extended legislation on cascading use and related delegated acts, but also the 5 MW limit, retroactive GHG criteria, no support for electricity-only production and exclusion of bioenergy from the concept of Renewable Fuels of Non-biological Origin (RFNBO).

### **Our justifications are:**

- EU legislation on renewable energy must not govern forestry and raw material markets in detail, and should not be a tool for implementing any common EU forest policies
- The proposed rules and criteria are not in line with neither the proportionality nor the subsidiarity principles. For example, the challenges and objectives in biodiversity vary across the Union and cannot be addressed by generalized rules on EU-level.
- Scientific evaluation is needed before any changes in the sustainability criteria.
- The Risk Based Approach (RBA) must continue to be the basis for any forest biomass sustainability criteria.
- The importance and potential of the forest-based industry's contribution to a circular bioeconomy, in a broader sense than bioenergy, is not acknowledged.
- The proposed rules and criteria could even be contradictory to EU energy and climate objectives in hindering use of waste and residues and the development of the circular forest-based bioeconomy.
- Swift and retroactive changes in rules for biomass users hinders decarbonization and penalize forerunners.
- More detailed targets for specific sectors, such as industry, or energy sources, such as RFNBO, risks hampering innovation and investments, as well as increasing costs.

## **EU legislation on renewable energy must not govern forestry, biodiversity and raw material markets in detail, and is not a tool for implementing any common EU forest policy**

- The legal basis for proposing measures to develop new and renewable forms of energy does not encompass forestry or thereto related biodiversity aspects, as this goes against the EU Treaty division of competences as well as the principles of subsidiarity and proportionality.
- The EU Commission motivates the need for changed sustainability criteria with an increasing demand for biomass and an urgency to address aspects on climate and biodiversity in relation to bioenergy. However, that must be evaluated and addressed locally or regionally for specific bioenergy systems, and in relation to social and economic aspects. The decisions on energy systems, including specific bioenergy systems, must be made in a responsible way by each Member State.
- The proposed “no-go areas”, harvesting criteria and rules on cascading use are not properly motivated, and not understandable or implementable since they rely on undefined terms for forests, forestry and raw material.
- The full impact of the proposals is difficult to evaluate, but they will clearly make bioenergy use more difficult and costly.
- Moreover, a parallel system of EU rules on forestry would bring negative impacts to all parts of the forest-based value chain, for example higher costs for administration, forestry, harvesting and raw material, as well as reduced confidence in the regional knowledge on forestry and biodiversity.
- Development of effective and innovative value chains are important, but cannot be forced by binding legislation on cascading use. Only a market-based approach is relevant, for example, by stimulating increased market pull for all renewable products.

## **Scientific evaluation is needed before any changes in the sustainability criteria**

- Forest bioenergy is a well-known and commonly used renewable fuel with extensive rules in place on EU and national level. Abrupt legislative changes are unwanted for any climate solution in this critical phase of decarbonization, especially the largest and most diverse solution. Renewable energy should not be hindered in this way, and especially not by the RED as it is supposed to promote renewables.
- The 2018 politically agreed sustainability criteria are being implemented in Member States during 2021 with a plan to evaluate and possibly revise in 2026. According to the JRC<sup>1</sup>, EU bioenergy mainly comes from waste and residues, and the already agreed sustainability criteria can together with voluntary certification address many of the risks associated with new theoretical pathways for increased bioenergy use.
- If specific sustainability problems are identified in the 2026 evaluation, these should be addressed in a proportional way without changing the RBA.

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<sup>1</sup> The use of woody biomass for energy production in the EU

## **The importance and potential of the forest-based industry's contribution to a circular bioeconomy, in a broader sense than bioenergy, is not acknowledged.**

- The Swedish forest industries are essential contributors in the green transition to a more circular and biobased economy. The industries refine 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 industries 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.
- Predictable rules for the use of forest biomass, no matter the final use or product, are essential for forest industries. Relevant rules can only be designed in a national context with an understanding of local forest conditions and national interests, for example, in Sweden's case high ambitions in climate mitigation, biodiversity and forest-based bioeconomy.

## **Swift and retroactive changes in rules for biomass users hinders decarbonization and penalize forerunners**

- The criteria under implementation regulate efficiency and GHG-savings for new facilities for production of heat and power, with a gradual tightening of the limits.
- Retroactive extension of GHG-criteria and application to small scale production is not a proportional or effective measure. Retroactive rules damage the trust in climate policy, and the possible benefit on regulating small-scale local biomass use brings little benefit but a significant negative social and economic impact. In the forest industry, that involves smaller saw mills that are essential for effective value chains.

## **Detailed targets for specific sectors or energy sources, such as RFNBOs, are not cost-effective or implementable**

- Energy users cannot govern the energy supply in detail, and renewable energy sources should not be separated into different groups. All renewables are equally important for keeping fossil fuels in the ground.