

## **The Swedish Forest Industries Federation answer to the “Inception Impact Assessment on the Amendment of the Effort Sharing Regulation (Directive 2018/842)”**

The Swedish Forest Industries Federation (SFIF) represents companies that use forests to provide the raw materials for their products and services. This includes producers of pulp, paper, cardboard, packaging and biofuel. Similarly, sawmills producing all sorts of boards, planks, roof trusses and other prefabricated construction elements are also included.

The main objective of the European climate legislation should be to minimize the use of fossil fuels while maintaining welfare by maintaining the competitiveness of European industry and agricultural sectors. We therefore strongly advice against phasing out the ESR and moving emissions to ETS and LULUCF as this could lead to increased emissions from fossil fuels and decreased competitiveness of the European industry.

Emissions from road transport and buildings do not face international competition and are less likely to face the risk of carbon leakage, why moving them to ETS will led to decreased competitiveness of the current ETS sectors. It is more efficient to decarbonize road transport and buildings through other measures than inclusion in the ETS.

Concerning taking into account synergies between the LULUCF sector and other land-related sectors, such as agriculture, SFIF opposes this. As agriculture already today is a net emitter and is projected to continue to be so, a merger of sectors will by definition result in an increased emissions load. This would have to be balanced by higher forest removals, which could lead to demand for reduced harvesting rates in existing forests. So, while perhaps the issue of non-removable agricultural emissions would be conjured away by merging sectors, limitations could instead be incurred on forests with negative effects on mitigation potentials, green growth and jobs in Europe. Even some leakage effects can be foreseen due to increased imports from outside of the EU.

Kind regards,

Johan Bruce  
Director of energy policy  
Skogsindustrierna  
Swedish Forest Industries Federation