

Swedish Forest Industries' (SFIF) position on a Union certification framework for carbon removals

Summary

Forests are key in addressing the global challenges of climate change and biodiversity loss. Forests boasts the majority of terrestrial biodiversity, and provide solutions to effectively address climate change. They provide carbons sinks, and supply renewable and recyclable raw materials to substitute fossil resources. This makes forests a key strategic resource for the EU, also from a resilience and security perspective. With active sustainable forest management, the climate contribution from forests and forest-based industries increase considerably, while also protecting biodiversity and other vital environmental and social values. In addition, truly permanent removals through bioenergy carbon capture and storage BECCS can further boost the climate mitigation.

The Swedish Forest Industries (SFIF) welcomes the initiative for a *Union certification framework for carbon removals*, including the separate treatment of different carbon removal solutions and the approach of general QUALITY criteria, and makes the following contribution:

- 1. Safeguard continued climate mitigation efforts through substitution of fossil products with biobased products.** Reducing fossil emissions is priority number one in meeting climate objectives, and cannot be substituted by carbon removals. Impacts on the availability of renewable raw materials and bioeconomy must be considered, including displacement of fossil emissions, limitations in how biomass is used, and long-term magnitude and stability of carbon removals. There is a considerable risk of carbon leakage if the framework leads towards limitations in harvesting, which has not been addressed in the proposal.
- 2. Encourage active sustainable forest management as a means to achieve stable carbon removal.** Proactive long-term management of forests, including harvesting, often leads to increasing carbon stocks over time. During 1990-2020, a total net -1.41 GtCO₂ was removed from the atmosphere into Swedish forests and associated wood-based products. The displacement of fossil/process emissions by Swedish wood-based

Forests and forest-based products are key to addressing climate change

products amounted to 1.3 GtCO₂e for the entire period. The economic value assigned to the resource also secures that the carbon storage is stable, which can be further enhanced by connecting the carbon removal in managed forests to the products rather than the land itself.

- 3. Focus on all long-term carbon removals that do not have a negative impact on other sustainable development goals.** There are synergies and trade-offs with other EU legislation, for example Nature Restoration Regulation, and also other sustainable development goals. All aspects cannot be effectively addressed in the certification. The focus should therefore be moved away from incentivising co-benefits to incentivising all carbon removals that do not have a significant negative impact on other sustainability goals. In this way, incentives for setting aside forests as short term carbon sinks are avoided.
- 4. Develop certification methodologies, especially verification protocols, in a transparent process.** Focus on the core methodology, taking into account the expertise of the Member States, certification bodies and the economic operators that will use the certification, as well as national and local specificities. The methodology should not be decided in delegated acts. Instead, the core principles and application to principal examples should be included in the regulation, in a methodology section amended by the Commission with the help of the appointed Expert Group, and, if necessary, further detail can be elaborated in an implementing act.

Background

In November 2022, the European Commission adopted a proposal for a Regulation establishing a Union certification framework for carbon removals. The proposal includes bioenergy carbon capture and storage (BECCS), removals through carbon farming and carbon storage products.

The proposal aims to facilitate the deployment of high-quality carbon removals through a voluntary Union certification framework. It consists of three pillars: the first sets out the four quality criteria, which makes the carbon removals eligible for certification. The second pillar determines the key elements of the verification and certification process. The third pillar provides rules for the functioning of the certification schemes.

The first pillar establishes rules for the quantification of the net carbon removal benefit against a baseline, and quality criteria on additionality, long-term storage and sustainability of carbon removal activities.

Position by SFIF: Main arguments

1. Safeguard continued climate mitigation efforts through substitution of fossil products with biobased products.

SFIF agrees that to reach the EU climate neutrality objective by 2050, the first and main challenge is to drastically reduce the current use of fossil resources. The sustainable bioeconomy must replace fossil carbon to the extent possible. And to achieve full carbon neutrality, carbon must be removed with the help of ecosystems, forestry and farming practises, and technological solutions. The forest-based sector contributes to each of these challenges at scale (Figure 1)¹:

- a. Wood-based products and bioenergy displace (reduce the demand for) fossil-based alternatives, thereby reducing emissions. This can be scaled up through innovation and investments in the wood-based value chain.
- b. Active sustainable forest management with wood harvests normally lead to higher sinks and reservoirs of carbon compared to unmanaged forests^{2, 3}.

Impacts of certification on the availability of renewable raw materials and the development of the bioeconomy must be carefully assessed, including substitution effects, harvest leakage and long

term carbon sink. Strengthening the resilience of the European economy and security of supply makes the green transition to a fossil-free bioeconomy even more urgent. This requires a predictable regulatory framework and secured availability of raw materials.

The proposed definitions should be clarified to avoid the risk of misinterpretation in a way that generally restricts biogenic carbon emissions. Reduction of carbon release from a biogenic carbon pool is not a valid carbon removal solution on its own. In this certification it must be seen in a larger context considering the impact on substitution of fossil products, harvesting leakage and long-term active sustainable forest management.

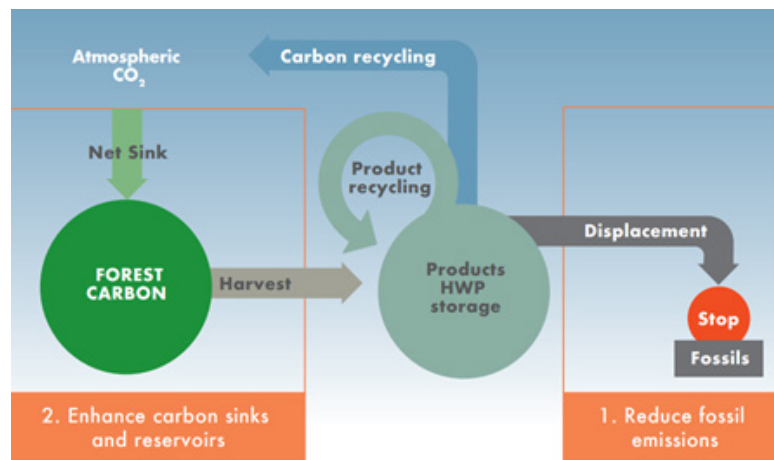


Figure 1. Outline of the circular forest bioeconomy. Contributions to each of the two principal climate change objectives indicated in orange.

2. Encourage active sustainable forest management as a means to achieve stable carbon removal.

The development of the bioeconomy plays a crucial role in achieving climate neutrality. SFIF welcomes the ambition to increase the share of biobased materials in construction. In line with this, carbon removal solutions for forests should focus on incentives for investments in active sustainable forest management, promoting regeneration and increased growth, as well as more wood-based products, while maintaining a stable and increasing forest carbon stock, with co-benefits to other ecosystem services³. This way, incentives will be directed both to enhancing forest carbon stock and to the number one priority – reducing fossil emissions. Further advantages include that monitoring, reporting and verification will be greatly facilitated if payments are tied to delivery of wood. Addressing the diminishing net sink in European forests should consider the crucial feedback loop where a stable demand for

¹ Swedish Forest Industries, 2022. [The climate impact by the Swedish forest-based sector 1990-2020](#).

² Swedish Forest Agency, 2021. [Sustainable boreal forest management – challenges and opportunities for climate change mitigation](#).

³ Kauppi et al, 2022. [Managing existing forests can mitigate climate change](#). Forest Ecology and Management 513 (2022).

wood is the main driver and incentive for investments in long-term active sustainable forest management that enhance growth and minimize damages, while steadily increasing carbon storage.

Certification must consider that additionality in active sustainable forest management is an arbitrary concept, as carbon removals cannot easily be separated from removals resulting from other management goals. It is relevant to measure the full carbon removal from active sustainable forest management. Some considerations for previously highlighted carbon removal solutions:

- Adjustments in thinning practises, i.e. selective removal of trees to improve health and growth of remaining trees, are suggested to increase sequestration and it is suggested that less thinning would also benefit biodiversity. However, thinning is an integral part of active sustainable forest management systems and methods that have been adjusted to local ecological and economic conditions based on research and experience over many years. Thinning ensures a stable development of stands by removing and making use of slow growing or dying trees, shifting the growth to remaining trees. This enables the development of larger trees where a larger part of the tree is suitable for long-lived products. Thinning is also, contrary to the suggestions, an opportunity to enhance conditions for biodiversity and to improve resilience of forest stands.
- Extending the rotation length can increase the carbon stock as a one-off measure but will also expose stands to higher risks of damages from wind, fire, insects and rot. This poses risks for the economic return from forestry, for the carbon stock in the forest, and will reduce the potential to replace fossil resources with harvested wood. The suggestion to set up a competition with local wood prices by paying for delayed harvest may therefore be misguided and ineffective.
- Setting aside (protecting) forests is an important measure for biodiversity and should be promoted for this purpose. However, it is suggested that this is also a climate-positive action – a statement that may need revision. First as the net sink in set-aside forests is in most situations quickly reduced – mainly as a result of increasing damages. Second as the forgone potential for fossil reduction by wood-based products must be taken into account.

Example from Sweden

During the period 1990-2020, a total net -1.41 GtCO₂ was removed from the atmosphere as increased storage in Swedish forests and associated wood-based products¹. The displacement of fossil/process emissions by Swedish wood-based products increased by 87% during the period, amounting to 1.3 GtCO₂e for the entire period. During the same period areas protected for biodiversity and environmental consideration in active sustainable forest management increased, leading to positive trends for a number of factors that are important for biodiversity, such as tripling the amount of dead wood and deciduous trees and increasing the area of old forests by 80%⁴. Today, 25% of the forest land, corresponding to an area the size of Belgium and the Netherlands combined, is set-aside from forestry⁵.

3. Focus on all long-term carbon removals that do not have a negative impact on other sustainable development goals.

The main purpose of the certification is to achieve significant volumes of carbon removals. There are synergies and trade-offs with many other Union policies as mentioned in the proposal. However, focusing too much on other policy will reduce the relevance and impact of the certification. The addition of different legal frameworks together as minimum requirement can also alter the original purpose and extent of other legislation, which creates regulatory risks for Member States and economic operators.

The certification is aiming for operators, while LULUCF and Nature Restoration is aimed at Member States and the Taxonomy at investors and economic operators. The obligations of Member states and investors cannot be fulfilled by, for example, a small-scale economic operator who wants to certify a carbon removal. An operator can only take into account legal requirements directly applicable to them.

Measures to preserve biodiversity and mitigate climate change are not necessarily the same, and they both need to be addressed in a strategic and efficient manner in their own right. For example, setting aside forests for biodiversity conservation is a crucial component of overall active sustainable forest management but does not provide the best climate change mitigation from forests^{6,7}. With the ageing of trees and the closing of forest canopies, the forest growth and capacity to remove carbon declines⁸. A recent

⁴ [Biodiversity in the forests – species, environmental work and statistics](#), Swedish Forest Industries, 2020

⁵ [SCB Statistics Sweden](#)

⁶ e.g., Lundmark et al. 2018: [Carbon balance in production forestry in relation to rotation length](#) (cdnsiencepub.com)

⁷ e.g., Gundersen et al. 2021: [Old-growth forest carbon sinks overestimated](#) (Nature)

⁸ e.g., Gundersen et al. 2021: [Old-growth forest carbon sinks overestimated](#) (Nature)

analysis of data from countries in the boreal forest region shows that actively managed forests sequester more carbon than unmanaged forests². Already today Europe's forests are getting older and their capacity to sequester carbon dioxide from the atmosphere is declining⁹. This needs to be considered in forest carbon removal schemes. The proposal that certification methodologies shall incentivise co-benefits going beyond the minimum sustainability requirements, in particular for restoration of biodiversity and ecosystems, changes the purpose of the legislation.

Carbon removals from carbon farming has its limitations since it is temporary. However, this regulation has the potential to create new source of funding and incentives for industries to install and implement more BECCS, which is critical for permanent carbon removals. The uniqueness and climate value of BECCS must be acknowledged in the certification schemes.

4. Develop certification methodologies, especially verification protocols, in a transparent process.

Relevant certification methodologies can only be developed in broad collaboration, especially with the main target group of the regulation, the operators and certification bodies. A narrow approach limited to delegated acts and connected expert groups could result in certifications with low relevance to operators and certification bodies.

The core principals of the methodologies, especially for carbon farming, could be further elaborated in the legislative process for the framework, an amended methodology section, with application to specific examples on relevant carbon removal solutions that can add climate benefits without restricting active sustainable forest management and bioeconomy. It would also be relevant to highlight examples of active sustainable forest management where there are co-benefits or trade-offs between carbon removals and other objectives.

⁹ e.g., Nabuurs et al. 2013: [First signs of carbon sink saturation in European forest biomass](#) (Nature Climate Change)

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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