Private forest ownership
- Policy instruments and legislation -

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FORRESTS

Seminar on State of Forest Ownership in the UNECE Region
trends – opportunities – challenges

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Brussels, European Forestry House
The multi-level governance system addressing forest ownership

- **Policies** – direct forest owners’ management actions towards specific policy objectives

- **Regulations** - formal legal requirements (e.g., command and control instruments) = forest-specific legislation and forest-related legal acts

- **Financial and informational instruments**

- **Market-driven governance structures** – different patterns of implementing certification schemes in private forests

“The EU Forest Strategy should build on existing legislation and international initiatives, consider the special situation of small forest owners, and address market-based private-sector tools such as forest certification” (EU, 2013)
Policies that support the creation of new forest owners

Afforestation subsidies:

• EU Common Agriculture Policy via RDPs: e.g. Spain, Italy, Portugal, Ireland and UK + Czech Republic, Hungary, Poland

• National subsidy schemes: e.g. Iceland, Germany, USA

• No measures: e.g. Sweden (subsidies considered to affect competitiveness), Switzerland (natural conversion of abandoned agricultural land)

• Developing voluntary market based approaches: UK
Restitution and privatization
• Significant changes in the structure of ownership especially in former socialist countries

Fragmentation of forest ownership
e.g. Romania - 3 restitution laws – 1991, 2000, 2005

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<table>
<thead>
<tr>
<th>Year</th>
<th>Integral restitution</th>
<th>max. 10 ha</th>
<th>max. 1 ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>53</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>2007</td>
<td>59</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>2005</td>
<td>67</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>2003</td>
<td>70</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>2002</td>
<td>74</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>2001</td>
<td>86</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2000</td>
<td>92</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>1999</td>
<td>95</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>1990</td>
<td>100</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>1947</td>
<td>29</td>
<td>27</td>
<td>23</td>
</tr>
</tbody>
</table>

- State forest, managed by the NFA
- Forests of municipalities, religious and educational institutions
- Commune forests (composesorate, obsti)
- Privat forests of individuals
Fragmentation of land use

Case study: NE Romania

217 HA - 650 PRIVATE OWNERS

**de jure**
Private

**de facto**
Community open access

Cut and Leave
Policies that aim to maintain current holding structure

- **Inheritance laws:** e.g. Austria (traditional farm holdings must be passed as a whole to only one heir), Slovakia: the heir needs to pay a fee relative to the value of the land (e.g., 20% for parcels that are under 1 ha) or Sweden (regulations that prevent properties from being subdivided below 50 ha)

- **Defragmentation policies** (as part of land selling): Lithuania and Slovenia (the forest law does not permit forest holdings to be divided into parcels smaller than 5 ha)

- **Land consolidation programs** (spatially reorganize the parcels to more unified entities): examples described mainly for agricultural lands
• A pre-emption right *always* is applied: AT, IT, DE-BW, FR, GR, ES, BA, BG, HU, LT, RO, RS, SI (the owner has to inform the authority/neighbours about the intention to sell)

  • Fragmentation of ownership involves high transactions costs in the acquisition of forest properties

  • Despite the pre-emption right, the Romanian state did not use it—most transactions of private forest lands were done by the foreign investors (IKEA, Schweighofer, Greengold, Tornator) and NGOs (Conservation Charpatia)

  • Land grabbing issues in mass-media
Empower decision of forest owners vs. command and control instruments?

### Relevant indicators and alternatives

<table>
<thead>
<tr>
<th>Freedom of owners to decide the amount of timber to be harvested from the property:</th>
</tr>
</thead>
<tbody>
<tr>
<td>the owner is allowed to decide the amount, some restrictions being imposed in exceptional cases</td>
</tr>
<tr>
<td>the owner can solely decide the amount in a framework of general silvicultural restrictions</td>
</tr>
<tr>
<td>the owner can decide the amount up to [size of the forest / quantity] provided in the legislation</td>
</tr>
<tr>
<td>the amount to be harvested is entirely the result of forest management planning</td>
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### Jurisdictions (Countries / Regions)

<table>
<thead>
<tr>
<th>Relevant indicators and alternatives</th>
<th>Jurisdictions (Countries / Regions)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom of owners to decide the amount of timber to be harvested from the property:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the owner is allowed to decide the amount, some restrictions being imposed in exceptional cases</td>
<td>FI, NL</td>
<td>2 (6)</td>
</tr>
<tr>
<td>the owner can solely decide the amount in a framework of general silvicultural restrictions</td>
<td>AT, BE-WAL, DE-BW, DE-BY, DK, IE, LV, NO, PT, ES-CT, SE</td>
<td>11 (36)</td>
</tr>
<tr>
<td>the owner can decide the amount up to [size of the forest / quantity] provided in the legislation</td>
<td>FR: [4 ha, maximum 50% of the standing timber] IT-34: [2.5 ha in coppice / &lt; 100 m$^3$/yr in high forests]; EE: [20 m$^3$/yr], GB-SCT: [5 m$^3$/quarter] BG, CH-AG: [10 m$^3$/yr] CZ, LT, RO: [3 m$^3$/yr]</td>
<td>9 (29)</td>
</tr>
<tr>
<td>the amount to be harvested is entirely the result of forest management planning</td>
<td>BA, HR, GR, MK, HU, PL, RS, SK, SI</td>
<td>9 (29)</td>
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### Main stick: Forest management plans

#### Obligation to have a FMP

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>No form of FMP is legally required in any case, including subsidies (except the voluntary requirements brought by certification)</td>
<td>DE-BW, DE-BY, FI, NO, SE</td>
</tr>
<tr>
<td>FMP is required only is special conditions (e.g. if the forest owner wants to access financial support) otherwise no form of FMP is needed</td>
<td>AT, BE-WAL, DK, GR, IE, NL, ES-CT, GB-SCT</td>
</tr>
<tr>
<td>FMP is not required but forest inventory data are requested for all forest</td>
<td>EE, IT-34, LV</td>
</tr>
<tr>
<td>FMP is required only if the owner wants to perform final feeling</td>
<td>LT</td>
</tr>
<tr>
<td>FMP is always mandatory for forests above [a certain area]</td>
<td>BG, CZ: [50ha]</td>
</tr>
<tr>
<td></td>
<td>FR, PT: [25ha]</td>
</tr>
<tr>
<td></td>
<td>CH-AG: [20ha]</td>
</tr>
<tr>
<td></td>
<td>RO, PL: [10ha]</td>
</tr>
<tr>
<td>FMP is always required regardless the forestry works intended by the owner and the state supports the costs</td>
<td>BA, HR, HU, RS, SK, SI</td>
</tr>
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Setting management goals and implementing management operations

“Freedom with responsibilities”

Prescriptive forest management goals

(Nichiforel et al, 2018, Land use policy)
Financial instruments in support of FMP

- EU RDP (2014-2020) support to small forest holders to draw up FMP (Measure 16): Austria, Germany, Spain, France, Italy and UK

- Financial support for co-operation between private owners: Austria, Switzerland, the Czech Republic, Portugal, and Slovenia

- In France, since 2014 a new type of association included in the forest law: more than 20 forest owners that bring together more than 300 ha under a shared and concerted FMP get financial incentives

- The state pays the costs when FMP is mandatory (Bosnia-Herzegovina, Croatia, Hungary, Serbia, Slovakia, Slovenia, Macedonia): small parcels are integrated in management plans of state forests or FMP are designed for all small scale private forests at the administrative level
Financial instruments in support of the implementation of the regulatory framework

- **Romania**: the State subsidise the costs of monitoring forests against illegal logging for parcels that are smaller than 30 ha.

- **Serbia**: indirect support is provided through State owned forest enterprises to PFO, mainly in terms of providing seedlings for afforestation, marking trees for cutting.

- **Czech Republic**: the State provides free services such as aerial liming and fertilisation, aerial fire control services, large-scale protection measures in forests.

- **Lithuania**: financial incentives are used to encourage private forest owners to engage in environmentally sound forestry.
Green Taxation in Croatia

- the current tax for forest ecosystem services corresponds to 0.0265% of annual turnover for all registered companies, regardless of their business domain
- 20% are annually used in private forest management

The Portuguese Forest Fund

- Funded in 2004 by a tax on fuel consumption
- Use to implement SFM, increase the size and concentration of forest holdings and carry out actions to prevent forest fires
- Available in form of grants to public, private and common forests

Romania: forest owners that adhere to specific certification schemes are exempt from paying property taxes
Policies addressing new forest owners

Media campaign for new forest owners in Austria

Land Bank information system in Portugal:

- centralise and disseminate information on available land
- promotes access to agricultural, forest and agroforestry land
- The land is made available for lease, sale or other transfer models by the State, local councils or other public or private entities
Policy instruments that address private forests in protected areas

Figure 3: Indicative public support for Natura 2000 specific payment (M12) in RDP 2014-2020 (EC 2017)
Market-driven forest certification schemes

- **FSC certification** is more prevalent in countries that have a higher share of State-owned forests (e.g., Croatia, Bosnia and Herzegovina, Lithuania, Ukraine, Romania, Bulgaria, Serbia and Hungary)

- **PEFC certification** is more prevalent in countries where the share of privately-owned forests is higher (e.g., Denmark, Luxembourg, Latvia, Belgium, France, Norway, Germany, Slovakia, Czech Republic, Finland and Austria)

- **Double certification** occurs in some of the countries: more than 90 per cent of the FSC certified forests in Belarus, Czech Republic, Denmark, Finland, Norway and Poland are also PEFC certified
Important differences between the rules existing across European countries

**Regulatory patterns**

- **Strong adherence** to governmental norms and regulations in forest management.
- **Higher emphasis** on financial and market based policy instruments in forest management.

The Property rights index is significantly correlated with The Corruption Perception Index.
Different levels of risk associated with lack of law enforcement and illegal logging:

- Countries report that illegal logging constitute a “negligible risks”: Belgium, Canada, Finland, France, Germany, Iceland, Ireland, Israel, Luxembourg, Netherlands, Norway, Sweden, Switzerland, Turkey, UK and USA.

- Countries report some cases of illegal logging in private forests: Bulgaria, Croatia, Czech Republic, Lithuania, Serbia, Slovakia and Slovenia.

- Countries report that illegal logging is a problem in both public and private forests: Cyprus, Georgia and Romania.
Regulations, subsidies and information tools are used in different combinations to respond to different policy goals e.g. “passive” or “negligent” landowners vs. short term profit seeking landowners

- Former socialist countries still rely strongly on command and control instruments, yet enforcement problems are often reported
- Soft policy approaches are found in the Nordic and Western European countries where steering towards some specific policy objectives becomes more complex

The forest-based sector is increasingly being shaped by policy instruments outside the forest

- new challenges for PFOs - nature protection, climate change mitigation and adaptation policies and bioeconomy
Thank you!

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