

Some Forest Problems in the European Community¹

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My talk will be about some of the important forestry problems in the European Economic Community. Of course, I cannot give a complete picture of the situation in the limited time that has been given to me. Besides, I am sure that you are already acquainted with many of these problems which are similar to those you meet in your country.

First, I think it would be appropriate to give some facts and figures about E.E.C. forestry.

The total forested area of our six countries is about 65 million acres. The exact figure is probably higher, but is not known because some countries have not yet completed an up-to-date survey of their forests. This area is equivalent to the area of permanent pastures or half of the cultivated land and represents 22% of the whole territory. This percentage of wooded area varies from 8% in Holland to 29% in Western Germany and 31% in Luxemburg. This seems a large figure but it includes unfortunately about 37% of coppice, coppice under standards and brushland which have lost most of their value nowadays.

Of this area 35 million acres are highforest (of which about 27 million acres are conifer and 10 million acres broadleaf.

As a consequence, a large proportion of our forests have a low productivity. The responsible authorities encourage the transformation of coppice into highforest, but this is often more expensive than creating new forests.

Another characteristic is the defective structure of our forests, especially private forests, since it is estimated that wooded estates of less than 25 acres cover more than 15 million acres: the regrouping of small forests into larger management units is strongly encouraged.

In the Community as a whole 16.4% of the forests belong to the State, 25.6% to the Commune and 58% to private owners. I have been told that the position is quite different in Ireland where only 10% is privately owned.

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I must mention that, contrary to what has happened in previous centuries, the forested area is now being increased every year in our six countries. This is, of course, a normal feature in many developed countries today. The net yearly increase may be estimated at 170,000 acres as an average figure of the last 10 years.

PRODUCTION

Now let's say a few words about production. Here, I must apologise if I get muddled with hoppus feet and cubic feet as I had to translate cubic metres (without bark) into these units.

The total roundwood production is 2,220 million to 2,350 million h.ft. a year (80 to 85 million cubic meters). This includes an estimate of fuel wood production. It would be more realistic to take into consideration the production of industrial wood (sawing timber, wood for veneers, poles, pitprops, pulpwood, etc. which in 1969 amounted to 1,700 million h.ft. (61.2 million cu.m.) of which 56% was conifer and 44% broadleaf. Besides about 25% of the total is pulpwood (wood for pulp and for particle and fibre boards).

This production covers only part of our needs and we import large quantities of wood and wood products from abroad, mainly: **Roundwood:** about 277 million h.ft. (10 million cu.m.) of which more than 83 million h.ft. (3 million cu.m.) is tropical wood and 110 million h.ft. (4 million cu.m.) of pulpwood (mainly from U.S.S.R.).

Sawnwood: (Mostly conifer): 332 million cu. ft. (9,450,000 cu.m.), the equivalent wood raw material being 444 million h.ft. (15.8 million cu.m.)

Pulp and Paper: 9 million tons, the equivalent wood raw material being 915 million h.ft. (32.8 million cu.m.).

The impressive total deficit in the Community is roughly the equivalent wood raw material of 1,636 million h.ft. (58.6 million cu.m.) almost equal to our production of industrial wood. Moreover, according to the FA.O. study "European timber trends and prospects", this deficit will reach for the present Community, more than 2,770 million h.ft. (101 million cu.m.) in 1980. Consequently the figure will be much larger for the enlarged Community of ten members as the four new members have deficits in their wood production too.

Might I add that imports of round and sawn wood are duty free. Other imports of wood products pay customs duties varying from 3% to 13%, the highest duty being on plywood.

This deficit will be a major problem in future years. Let us consider the supply problem for the pulp and paper industry

as an example. This industry imports pulpwood plus about 5 million tons of pulp, about half the pulp needed by E.E.C. paper mills. In the past, pulpwood was imported from Scandinavia; this is not possible any more. In 1960 Finland exported 44 million h.ft. of pulpwood to E.E.C.; these exports dwindled progressively and almost came to a halt 4 years ago. Pulpwood can still be imported from Canada, USSR, and some East European countries. How long will this be possible? The situation as regards pulp is similar. The industrialised countries may be expected to use their own raw material and pulp more and more; E.E.C. industry will meet increasing difficulties in obtaining the supplies it requires.

At the same time, the paper industry is expanding at about 6% a year on average and consumption of paper products is increasing at the same rate.

In 1970 we consumed 18.8 million tons of paper products or 220 lb. per capita, and the forecast for 1980 is put at more than 20 million tons (320 lb. per capita). You must remember that the annual capita consumption in Sweden is already 420 lb. and in the U.S.A. more than 640 lb.

It is unnecessary to point out that the paper industry is worried about the future and foresees serious difficulties. The industry has therefore shown great interest in the Mansholt plan to which I shall refer later in my talk.

THE E.E.C. DIRECTIVES

What consequence does the Rome Treaty have on forestry and forest policies?

Silviculture is obviously a part of agriculture, but as wood is not among the products listed in Appendix II of the Treaty, a common forestry policy similar to the common agricultural policy is not possible. To be absolutely accurate, I must say that a few forest products such as tree seeds, nursery plants, etc., are in Appendix II; they have been included in market organisation regulations together with agricultural and horticultural seeds, plants and flowers, but they raise no special problem.

So, forestry and wood follow the general rules laid down by the Treaty. However, as we shall see later, forestry may be closely connected with the common agricultural policy.

What are these general rules?

Amongst other objectives, a common market aims at the free movement of workers, goods and capital within the Community. As regards workers, the freedom of establishment and the freedom

to supply services in the professions related to forestry and logging were decided upon by a directive of 24th Oct., 1967. (Similar directives have been adopted covering about 75% of all economic sectors but not yet including agriculture, fisheries or the professions—doctors, teachers, architects, lawyers, etc.).

As for goods, in our case forest products, customs duties and trade quotas disappeared 9 years ago and that was the first step. But in many cases, technical regulations and requirements varied from one country to another and created obstacles to free trade. In the forestry sector, harmonisation of technical rules has been necessary for tree seeds and nursery plants: a directive of 14th June 1966 set the rules for genetic quality to be applied in the Community to 13 species widely used in forestry. These rules are progressively enforced by the member States. The main features on this directive is that all seed traded in the Community must have been collected on officially selected seed stands of high genetic quality.

This 1966 directive has been supplemented by a directive of 30th March, 1971, on external quality of forest reproductive material (partly of seed, size of nursery stock, etc.).

Incidentally, I must remind you that the OECD approved in May 1967 a Scheme for the control of Forest Reproductive Material moving in International Trade. This Scheme considers three categories of materials:

1. Source identified.
2. Selected.
3. Certified.

Under the E.E.C. system, we have only one category which is "selected". We think that the category "source identified" is not satisfactory. We are working now on a new project aimed at introducing into our E.E.C. regulation the "Certified" category which is of higher genetic quality and may be produced in commercial quantities in the near future.

Harmonisation has been achieved for roundwood classification and grading. It was deemed necessary because a compulsory regulation existed in Germany; such a regulation was considered to be an obstacle to trade and had to disappear or be replaced by a common rule. An E.E.C. classification and grading system for roundwood was established by a directive of 23rd January 1968. This system has to be instituted by law in each Member State, but its application is optional.

In plant health protection, a proposal for a directive was sub-

mitted to the Council in March 1965. (It includes forest plants and wood). It is still being discussed and has not yet been approved.

I believe that it has been decided that from now on no basic regulation will be passed by the Council before consulting the new members of the Community. This rule will be applied to this phyto-sanitary directive.

The general rules of the Treaty lead us to deal with many other matters such as forest statistics, forest and forest products taxation, state grants and assistance to private forestry, economics, etc. In other words, a certain amount of co-ordination of national forestry policies is advisable, but as the Treaty makes no obligation for this co-ordination, it can only be worked out on a voluntary basis and I must add that more enthusiasm and good will was prevalent towards this co-ordination twelve years ago than today.

A few years ago, for example, we endeavoured to co-ordinate forest research programmes in order to avoid unnecessary duplication and waste of money and manpower: unfortunately, this project could not be started because co-ordination on research work was not possible within some countries where research is not centralised.

I must state here, before going any further, that we are interested in a variety of subjects, for instance profitability in forestry, policies in the pulp and paper sector and, of course, problems connected with the environment although the Treaty which was drawn up in 1956-57 does not make any reference to them.

FORESTRY AND AGRICULTURE

The latter part of my talk will be devoted to the role of forestry in the common agricultural policy.

I told you that we could not have a common forestry policy because wood is not in Appendix II of the Treaty although a small minority, mainly private forest owners, have persistently asked for the Treaty to be amended.

Legal experts have studied this matter in detail and have reached the conclusion that some moves related to forestry policy could be undertaken under Article 39 of the Treaty which states that "the common agricultural policy aims at increasing the productivity of agriculture . . . by means of the optimum utilisation of the factors of production (the soil) . . . and at ensuring a fair standard of living for farmers . . .".

If we agree that a forestry policy is not intended only to produce wood, but also contributes in many cases to improving the profitability of the soil and the economic situation of the farm, then we

may assert that forestry may play an important part in the improving agricultural structures.

This interpretation of the Treaty opens up very attractive possibilities. The Agricultural Fund¹ set up under Article 40 of the Treaty has two sections: the Guarantee section used to support the price of farm products and the Guidance section meant to promote structural improvements and to increase the efficiency of agriculture. With these aims in view, aid can be granted for schemes such as land consolidation, road building, water and electricity supply to farms, irrigation and drainage projects, construction of packing plants, cold stores, slaughterhouses . . . and afforestation). The rules governing the expenditure of money from the Agricultural Fund were introduced in 1964. After discussion it was decided that although production of wood could not be subsidised as such, the Fund could be used to finance the following forestry schemes:

Afforestation of land which is being abandoned by agriculture, often as a consequence of the common agricultural policy;

Improvement of forests, conversion of coppice into highforest, when these woodlands belong to farmers;

Building of forest roads when these roads may also be useful to farmers;

Plantation of trees and forests intended to play directly or indirectly a protective role for agriculture. This includes shelter belts, planting mountain slopes to control erosion and a variety of plantations where it may be expected that they will benefit agriculture.

This covers a surprisingly large proportion of the afforestation work done in our countries. In fact, since 1965, 55 forestry or part-forestry projects have been granted the assistance of the Agricultural Fund for a total amount of about 7.800.000 dollars.

I must explain briefly how it works: anybody may apply for a grant: the application is sent through official channels (the Ministry of Agriculture) to the Commission which has to make the decision. As a rule, the grants represent a maximum subsidy of 25% of the total investment. The beneficiary must contribute up to at least 30% of the cost involved. The State must also contribute, but the rate of its participation is not fixed.

A remark is necessary here. The Guarantee section works automatically: exports get a refund to bring Community prices down to world price levels: imports pay a levy to raise prices up to the level of Community prices.

¹ European Agricultural Guidance and Guarantee Fund (EAGGF).

In contrast, the action of the Guidance section is not automatic. Each application is examined; some are rejected, others only partially approved and some postponed because the funds available are limited. In 1971, the total amount earmarked for these guidance projects in agriculture was 160,000,000 dollars. You realise that the share allocated to forestry is very small. By way of comparison, the assistance granted to private forestry by the six Member States is annually about 40 million dollars.

THE MANSHOLT PLAN

At this point, I should like to explain the Mansholt Plan and its subsequent developments. I suppose that you already know the reasons why this plan was prepared and are familiar with the main features of the reforms it proposes.

On average agricultural production increases every year by 3.3% and the Community has reached selfsufficiency in many agricultural products and overproduces others. These surpluses must be subsidised if they are to be exported. The cost of farm support measures has increased consistently and in 1969 reached 4,500 million dollars, in our six countries, or 4.8% of public expenditure. However, this huge amount of expenditure did not relieve the chronic sickness afflicting European agriculture (high production costs, too small farm units, inadequate income for the farmer). If we were to continue with this policy, the financial burden would soon become unbearable.

Briefly, the remedies suggested in the Mansholt Plan, which was made public in December, 1968, were:—

- an increase in the size of farms.
- a reduction in the number of farmers and farmworkers.
- a more realistic price policy.
- a reduction in the amount of cultivated area (by at least 12.5 million acres over ten years).

This last point is of great importance to foresters. Part of this area would be set aside for recreation and amenities, but most of it would be afforested, and this is only appropriate when you consider the present and future lack of timber in the Community.

The Mansholt Plan was not a Commission proposal to the Council, but was mainly intended to stir up opinion in government and professional circles, and this aim was fully achieved.

Then, in May 1970, the Commission prepared and forwarded to the Council a real proposal made up of several draft regulations, one of which concerned a reduction in the amount of cultivated area and dealt with forestry and amenities. The drafts were

discussed by the Council in March 1971; for the first time the fixing of agricultural prices was linked with measures for improving agricultural structures.

The Ministers adopted a positive attitude towards the proposed measures and on 25th May, 1971, published a formal Resolution which approved the principles of the reform but which requested new drafts from the Commission. Unfortunately, the forestry measures have been postponed or at least have not been given top priority.

The Resolution states:—

“III Measures to be applied subsequently:

The Member States will take all necessary measures to prevent the amount of cultivated area being extended.

On a proposal from the Commission, the Council will take measures to encourage afforestation as a part of the regional programmes for afforestation and amenities”.

This is a political decision.

The Council is currently discussing four drafts concerning improvements to the structure of agriculture itself but has not yet reached agreement on them. Nevertheless, Mr. Mansholt said that he was optimistic about the outcome of these discussions and that he hoped that these directives could be applied as of the 1st July 1972.

Now, where does forestry stand in all this? I think we will have to wait a while. The Commission will make a new proposal as soon as it seems politically advisable once the Council has reached a decision on the texts now under consideration.

I have drawn your attention to these points of detail to show you that our legal procedures are long winded, difficult and cumbersome and that it sometimes takes years to reach full agreement on important decisions.

THE FUTURE FOR FORESTRY

Nevertheless, I am confident that in the long run, perhaps even in a few months, the Council will reach a decision on forestry.

At this juncture, I should just like to make a few further remarks.

I must remind you that the afforestation of arable land has been going on in our countries for many years, but on a relatively small scale. The pace of these operations will have to be speeded up if we are to reach the goal laid down in the Memorandum Plan and we will certainly come up against practical difficulties, especially as regards obtaining enough land in large plots for economic afforestation.

This reduction in the amount of cultivated area will take place mostly in the regions where ecological conditions are not satisfactory for agriculture. As a result, we will get large wooded areas where it would be advisable to create in due time integrated wood industries to process timber production economically. These forms of industry will be necessary to support some population and some economic activity in these regions. This may be an opportunity to start a close form of co-operation between the wood industry and foresters and possibly some kind of integration between forest and industry which is quite common in North America, in Scandinavia and which is generally the case in Eastern Europe. Anyway, I believe we have a busy future ahead of us.

I have given you an outline of our problems and of our work in the forestry sector in the Community. Now, as the Republic of Ireland is soon going to be a full member of our club, let us take a brief look at the implications and consequences of your entry.

I must draw your attention to the difference existing between the spirit of the Treaty, the ideal behind it, and the letter of the Treaty. Right at the beginning, many people were enthusiastic—they envisaged rapid political integration and the establishment of the United States of Europe. Personally, I still believe that this should be our ultimate objective.

But in practice our Governments have been generally very careful to stick to the letter of the Treaty and to safeguard their sovereignty; some have even been reluctant to apply the rule of the majority voting in the Council, which means that all important decisions must be taken unanimously. They apply the Treaty, but they refuse to go any further.

The Treaty lays down that the Council will take its decisions on the basis of proposals from the Commission. As the Treaty makes no provision for forestry, the Commission several years ago worked out a paper on "Co-ordination of forestry policies" and submitted it to the Council, hoping that it would recommend or instruct some further action to be taken which was not provided for under the Treaty, but which was allowed for under Article 235. We especially stressed the need for the establishment of a "Permanent Forestry Committee" which would be officially consulted in all matters related to forestry, but we could not even obtain this.

You must not therefore expect great changes to be made to Irish Forestry. Each Member State pursues its own forestry policy and the situation may vary substantially from one country to the next. You are scheduled to join on the 1st of January, 1973. The transition period will be spread over five years: this means that

by 1st of January 1978 you will have to apply all the Community regulations.

However, the technical directives on Tree seed and plants and on roundwood classifications, for example, must be enforced much sooner, six months after entry. On the other hand, the new members will participate in the Agricultural Fund immediately and will be able to receive money from both the Guarantee and Guidance sections: consequently, applications for funds for afforestation projects may be sent to the Commission as early as next January.

I must add that the four new members of the Community have a deficit in wood production and that the outlook for the wood supply for our industries will be worse than at the present time: the need for new plantations will therefore become even more urgent.

Of course, right from the beginning, official experts from the new Member States will participate in the numerous meetings and work sessions organised by the Commission. In forestry we have periodic meetings on forestry policies, on forests and forest products statistics, and on forest productive material regulations.

Finally, civil servants from the new Member States will be progressively appointed to the various Community Institutions, the Commission, the Secretariat of the European Parliament, the Council of Ministers, the Social and Economic Committee, and will also be assigned to the various Atomic Agencies.

In winding up my talk, let me reaffirm that the signing of the Treaty establishing the new European Community of Ten Members is one of the major events of our time. We, in Brussels, are eagerly looking forward to the 1st of January, 1973, as this date represents the beginning of a new era in the life of our Continent.