
CEI-Bois Feedback to the Draft Delegated Act

Brussels, 17 December 2020

The European Confederation of the Woodworking Industry wishes to express concern on some of the technical screening criteria proposed by draft Delegated Act establishing a EU taxonomy of sustainable economic activities.

As a general goal, CEI-Bois welcomes the legislative proposal to mobilise investment in the EU to achieve sustainable growth in line with the Union's climate goals and its Paris Agreement commitments. A common EU taxonomy for sustainable finance could play an important role in this process if drafted in a way that takes the specific characteristics of the affected industries into account, based on robust scientific evidence.

Moreover, sustainable finance should support the transition to a circular bioeconomy. This requires a holistic assessment of **all the benefits that the forest-based sector can provide to society**, including the climate benefit of **carbon storage in harvested wood products** and **substitution of GHG-intensive materials**.

Remarks on Forestry Criteria (Annex I, sections 1.4-1.8)

Our Confederation expresses serious concerns on the criteria elaborated on the five forestry activities in Annex I: *Afforestation, Rehabilitation and restoration, Reforestation, Improved forest management and Conservation forestry*.

- Forests can make significant contributions to the development of a climate friendly economy and provide multiple products and services that support livelihoods and protect the environment, now and in the future. This idea is at the core of the Sustainable forest management (SFM) in place all around Europe. Criteria and indicators of SFM have been developed through the work of many actors, including countries involved in the Montréal Process, FOREST EUROPE, the International Tropical Timber Organization (ITTO) and the Food and Agriculture Organization (FAO). Sustainable forest management carried out in line with national legislation should be considered eligible for sustainable investments purposes as it serves the climate change mitigation goal set by the Sustainable investments regulation.
- By introducing additionality and do not harm criteria the Commission proposal departs from existing legislative framework on SFM at national level and undermines investment predictability, which may prevent the investments that will enable a sustainable transition to climate neutrality. Sustainable finance should support the sustainable supply of wood for material and energy use and further development of the bioeconomy. As more is invested in sustainable forestry, more companies can look to sustainable materials to manufacture their products. It should be taken into account that forest managers recognize that managing the entire ecosystem – soils, plant life, watersheds and wildlife – is critical to improving both forest health and wildlife habitat. At the same time, there is not a one-size-fits-all approach. Different forest types require individual prescriptions.

- Overall, it will be a challenge as well as an administrative burden to apply such criteria to small forest owners, which may ultimately undermine the goal of the Regulation, also considering the fragmentation of forest ownership in Europe, and that 60% of EU forests are privately owned. **Full alignment with the criteria for sustainability of solid biomass as defined in the Renewable Energy Recast Directive should be ensured.**

Remarks on Construction criteria (Annex I, Section 1.8)

It is commendable that the disclosure of the Global Warming Potential impact for each stage of the life cycle of the building is made mandatory for very large buildings. However, to stimulate whole life-cycle carbon assessment in the construction sector, such requirement should apply also for buildings smaller than 5000m². This is crucial to drive the climate sustainability in the sector: as new construction will have to comply with Nearly Zero Energy Buildings requirements in the use phase, reducing the embodied GHG emissions in production phase will become more relevant for tackling the overall footprint of a building.

CEI-Bois, the European Confederation of the Woodworking Industries, numbers 16 national organizations, 4 European Sector Federations as well as 1 Private Industrial Group. It is the organization backing the interests of the whole industrial European wood sector: close to 180.000 companies generating an annual turnover of 152 billion euros and employing 1 million workers in the EU.