



# Irish Timber Growers Association

## Irish Timber Growers Association submission on National Forestry Policy Review

March 2010

### Introduction

Forestry's many contributions to society are recognised worldwide and given the Irish Governments commitments to climate change mitigation, renewable energy policy, rural employment and biodiversity, forestry is set to play a central role in future agriculture strategy. No other agricultural activity can act as a significant carbon sink and in addition be a source of economic activity and rural employment. Forestry strategy and policy must reflect the growing utility of the national forest estate and seek to optimise its potential benefits. This National forestry policy review presents an ideal opportunity to rebalance strategy, policy and funding priorities to reflect forestry's growing economic, social and environmental potential to Ireland.

### Forestry and its contribution to the economy

- The forest industry, comprising growing, harvesting and processing of forest products makes a significant and growing contribution to the Irish economy. Output in 2008 was c. €1.89 bn, or just under 1% of GDP\*.
- Employment in the forestry sector is over 16,000 persons, spread across the country and contributing directly to both rural development and in adding value to forest harvest. This is set to grow in future years with the increase in wood supply to come from Irish forests.
- Wood supply from Ireland's forests is forecast to increase from 3.8 million cubic metres (m<sup>3</sup>) at present to 6.5 million m<sup>3</sup> by 2028. This increase in wood supply will have significant benefits for rural employment and the rural economy.
- Forestry can play a key role in tourism. Forests provide the largest outdoor area for recreational use. This has been valued at €97 million, which in turn generates €268 million in economic activities for communities in rural areas. Annual visitor numbers to Irish forests are in excess of 18 million.
- In terms of complying with Kyoto targets, the annual contribution from afforestation post-1990 will be around 2.2 million tonnes of carbon dioxide per year, representing a projected annual saving to the taxpayer of €44 million, or €220 million over the five years from now to the end of 2012.\*

\*Statistics sourced from the National Council for Forest Research and Development (COFORD) publications and COFORD's Forestry 2030 Papers

## **Forestry and its contribution to the environment**

Ireland's commitments to international agreements, with specified carbon emissions reduction targets have significant implications for the agricultural sector. Post 2012 agriculture will account for up to c. 40% of National greenhouse gas emissions against a potential scenario where overall emissions may need to be reduced by up to 30% on 2005 levels in the event of an international agreement. Where the underlying principle that the emitter of greenhouse gases pays the price for their emissions, the agricultural sector must develop a strategy to address their responsibilities in this regard. Forestry has the ability to mitigate the effects of climate change by acting as a carbon sink through afforestation, by emissions reduction (replacement of fossil fuels with carbon neutral bioenergy), substitution (use of wood products in place of more energy intensive material) and also through adapting forest management practices. These significant features of forestry must be optimised in future agricultural strategy by employing forestry as a central plank in its efforts to ameliorate the sectors future greenhouse gas emissions.

Independent research has shown:

- The total carbon reservoir or store in Irish forests currently exceeds one billion tonnes of carbon dioxide, most of which is in the soil.
- Annual removal of carbon dioxide from the atmosphere by Ireland's forests exceeds 6 million tonnes per annum, or 3.6 million tonnes net of carbon dioxide removed in roundwood harvest.
- The National Council for Forest Research and Development (COFORD) have stated that maintaining the climate change benefits of Irish forests will require continuation of the national afforestation programme at a rate exceeding 15,000 ha per annum over the next two decades.

## **Forestry and its contribution to renewable energy**

Forestry is now central to achieving the Government's renewable energy targets. After wind energy, wood fuels are the largest contributor to renewable energy generation in Ireland. Specifically the Government is heavily dependent on the forestry sector in meeting the following renewable energy targets:

- Overall 40% of electrical consumption from renewables by 2020;
- 12% renewable heat by 2020 (5% by 2010);
- 30% co-firing with biomass at the 3 peat power plants by 2015;
- 800 MW of CHP by 2020, with emphasis on biomass CHP

Forestry strategy can facilitate Government in achieving these targets. COFORD in its recent Forestry 2030 papers stated, 'if afforestation continues to fall below 15,000 ha per year as in recent years then wood fuel supply will not be sustainable in the long term. It will therefore not be possible to meet the government's long term targets for renewable energy from our national resources. As security-of-supply is a key issue in government energy policy, national afforestation levels and funding must reflect this need.' Afforestation rates over the past three years have fallen to less than half this level with corresponding implications for Ireland's National Climate Change Strategy, Renewable Energy targets and meeting the timber industry's wood requirements.

While wood supply from Irish forests is set to increase, it is forecast that within 8 years there will be a shortage of supply over demand by an estimated 1.8 million cubic metres per annum. This significant wood shortage and its effects on achieving renewable energy and related targets must be addressed in future forestry strategy.

### **Forestry and its contribution to biodiversity**

Woodlands provide significant biodiversity and are strongholds for plant and wildlife diversity including a wide range of insect, bird and animal species. Forestry also plays an important role in reducing the impact of flooding.

### **Forestry must be prioritised for Government investment**

In 2008, Department of Agriculture, Fisheries and Food (DAFF) expenditure on forestry amounted to €125 million while total DAFF spend on Agriculture amounted to €3.560 billion. Before any carbon sequestration benefits of forestry are considered, if the proportionate DAFF spend was to be directly related to the sectorial output, forestry should receive a significantly higher level of DAFF funding. Given the forecasted growth in output from the forestry sector, forestry's carbon fixing abilities and renewable energy potential, it is vital that future DAFF strategy and funding is rebalanced to optimise the benefits of forestry to the State. This would have no negative impact on farm incomes and would increase the longer term return from farm enterprises on marginal lands.

Ireland has the climate and soils to grow forests at a faster rate than most of the developed world. However, we only have c. 10% of our land area under forest compared with an EU average of 36% forest cover. Also, our planting rates have fallen to very low levels. The agriculture sector is missing a major opportunity to utilise our natural advantages by developing a forest resource that maximises these advantages and simultaneously helps offset the sector's greenhouse gas emissions while developing the rural economy.

Forestry can play a pivotal role in achieving a wide range of Government objectives including economic development, rural employment, climate change mitigation and renewable energy targets. Forestry also provides considerable biodiversity and recreation benefits. Future strategy can ensure forestry meets these targets by rebalancing priorities in policy and funding so as the entire agriculture and rural sector will benefit.

**Measures required to implement this strategy:**

Given the long term nature of forestry and its many benefits to the economy, the environment and society it is imperative that policy and strategy decisions are taken promptly and consistently and that associated measures and funding are committed on a multi-annual basis.

The forecast shortfall in wood supply must be addressed urgently and measures adopted to optimise the harvest from the private forest resource. The considerable potential of our existing forest area must be harnessed by encouraging the active management of this resource. Infrastructure to ensure forest products get to market must be put in place including measures to address access and transport issues, improved use of information and communications technology within the industry and various other innovative initiatives. A number of funding, regulatory and legislative measures must be adopted to achieve these aims.

Afforestation must reach the sustainable level of 15,000 hectares per annum as outlined in various studies.

The future development of both private and state forestry sectors must be undertaken in a manner that ensures the maximum benefit to the Irish economy. The predominance of one sector over the other should be discouraged through policy and future strategy initiatives so as competition and innovation can be encouraged within the supply chain and industry infrastructure. To have any one sector dominate the market may not be the most effective way to improve the overall supply chain infrastructure and promote innovation to the benefit of the entire forest industry.

Barriers to forestry and afforestation must be reduced. Over regulation of forestry is a real issue for the sector with the further planning requirements for forest roads to be introduced in the new Planning and Development Bill. This will lead to additional bureaucracy, time delays and likely Local Authority charges for new forest roads which will act as a significant disincentive to thinning.

Forestry, because of the long term nature of the investment, had been encouraged in part through appropriate taxation measures. New taxation procedures relating to specified reliefs introduced in recent budgets and subsequent Finance Bills now act as a disincentive to investment in forestry. Profits from forestry, which accrue over many years, must be treated in an appropriate manner in order not to disadvantage woodland ownership and investment.

The continuation of important research and development in forestry is paramount to assist with addressing these and other challenges and to foster much needed innovation and efficiencies in the sector. Forestry, to be internationally competitive, must embrace and use innovative technology and look to build forestry expertise and knowhow for potential export.

**The above measures can be achieved through:**

Targeted funding commitments of forestry support schemes on a multi-annual basis so as to optimise the future harvest from our national forest resource and to ensure continued support for a sustainable afforestation programme.

Policy and strategy priorities to optimise the utilisation and return from the significant State investment in forestry over past decades. This can be achieved through the best use of wood biomass, renewable energy and wood product development. Supply chain efficiencies and information and communications technology should be fostered through new initiatives and innovations.

It is important to reduce or remove excessive regulatory and legislative barriers to forestry management and the afforestation programme.

Appropriate tax treatment of forestry profits and gains is vital in addition to innovative tax treatment of forestry investment and afforestation projects. The long term nature of forest ownership and its investment timeframe must be recognised by amending taxation provisions relating to forestry.

Allowing forestry to offset greenhouse gas emissions from other agricultural activities has potential and it is important to adopt mechanisms and procedures to account for such carbon offsets. The financial benefits to the State in the reduced requirement to purchase carbon credits on international markets should be reinvested in the forestry sector to ensure such benefits are sustained into the future.

Continuation of the role of the National Council for Forest Research and Development (COFORD) in the sector is imperative to provide research results and to continue to foster industry development and innovation.