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European Organisation of Agricultural, Rural and Forestry Contractors

Confédération Européenne des Entrepreneurs de Travaux Techniques Agricoles, Ruraux et Forestiers

Europäischer Zentralverband der land- und forstwirtschaftlichen Lohnunternehmer und ländlichen Dienstleistungsunternehmer

## **Impact of Implementing REDIII on Forestry Contractors and Forest Industries Without a Transition Period**

The implementation of the REDIII directive on 21 May will hit forest contractors and their biomass buyers hard. From this date, all wood harvested for wood chips and biomass must meet the requirements of REDIII. This means that wood that has been harvested in good faith according to REDII rules and could previously be used for heating plants over 7.5 MW can no longer be sold. This is not fair. All the wood which is bought and harvested before 21<sup>st</sup> May 2025 should be able to use in the market according Red II rules.

For Denmark, which handles huge portions of the EU's biomass, this immediate retroactive implementation has rendered large amounts of harvested material for the coming heating season worthless, even though it was harvested and stored according to current regulations and certifications in REDII. Biomass and wood chips are normally harvested up to a year and a half before delivery to the heating plants, leaving industry without the opportunity to adapt to this sudden upheaval in the market.

The economic impact on forest contractors far exceeds what the Directive can justify, even in terms of sustainability. Many have invested heavily in production and storage capacity to ensure security of supply for the coming winters. Although the forest contractors support REDIII's goals, they strongly encourage a transition period so that wood chips and biomass harvested before 21 May can be sold through the next heating season (2025-26).

A particular problem is wood chips from heath areas, which are harvested as part of government-approved nature conservation. This biomass cannot be used for plants covered by the EU's CO2 quota scheme or SBP certification.

Heaths are a protected habitat type, which according to the legislation must be cared for to prevent the overgrowth of trees. Nature conservation is carried out gently, and so far, the biomass from this work has been approved and sold as biomass. The economics of biomass sales have been crucial for private landowners to be able to care for large heath areas, while the state and municipalities have prioritized biomass-based nature conservation projects due to the lower costs.

If the economic incentive disappears, we risk that the heath areas are no longer cared for and overgrown, which will mean a loss of open nature and an endangered habitat. Forest contractors who have machinery and expertise for heath care will lose tasks as biomass no longer constitutes a significant part of the project economy.

Those who work with nature daily are deeply concerned that this implementation will harm the light-open nature that heaths represent – a consequence that was hardly the intention of REDIII.

The forest contractors support REDIII's goals, but the direct implementation without a transition period and with retroactive effect has created enormous financial losses and waste of resources. The industry does not have the opportunity to adapt as quickly as the Member States have been required to do in the process. Therefore, a 12-month transition period is called for as well as a reconsideration of the rules for biomass deliveries from heathland areas to ensure both the conditions for forest contractors and the future of nature.

CEETTAR's member organizations on forestry are ready to provide advice and guidance as the European Parliament develops further implementation guidelines for REDIII.

Biomass buyers must assess risks to ensure the wood complies with REDIII, placing the full burden of documentation on European forest contractors. They're working to help biomass and chip buyers prove compliance with REDIII requirements.

Ceettar encourages developing a smart collaboration model for implementation, so that requirements are met together with consumers of wood chips and biomass in a practical, sustainable way.

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### **About CEETTAR:**

The European Confederation of Agricultural, Rural and Forestry Contractors, established in 1961, represents about 150,000 companies and nearly 600,000 workers. It aims to represent the interests of land-based contractors in Europe. In 2014, the European Network of Forestry Entrepreneurs decided to merge with CEETTAR, resulting in a stronger and more representative single organisation representing land-based contractors at EU level.

CEETTAR aims to be a proactive force to benefit the contractors and the rural economy at European level. Its objective is to:

- Represent the national federations and defend their professional interests in relation to the institutions of the EU. This way, CEETTAR is recognised as representative organisation for contractors towards the European Institutions,
- Represent the national federations and defend their professional interests towards other private organisations, which are active at European level and beyond. CEETTAR maintains constructive relations with COPA-COGECA (farmers), CEMA (agricultural machinery industry), EFFAT (workers)...
- Help organisations in the new Member States to fulfil their national objectives as rapidly as possible and under the best conditions through the expertise transfer developed by the CAP 50 years ago.