

# Forest Support in Context of Large-Scale Emergencies in Forests

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Referat 52



# Objectives of forest support

In relation to the public interests under Paragraph 1 of the Forestry Act of Baden-Württemberg (LWaldG) the objective of forest support is the sustainable development of forest functions.



# Objectives of forest support

- Preservation and support of production functions of forests, protection of local wood supply
- Implementation of challenging ecological and silvicultural objectives
- Overcoming of business-structural disadvantages
- Preservation of recreational function of forests
- Compensation for reduction in earnings/additional expenses for legally imposed obligations
- Health and vitality of forest ecosystems  
biological diversity
- Maintenance and improvement of forest resources and their contribution to the global carbon cycle



# Forms of forest support

## **Legal basis:**

### legal foundation of:

- Afforestation
- Conservation of forest
- Management of forest (inter alia the German laws LWaldG and LLG)

### legal foundation of :

- Support of forestry sector
- Norms for contributions
- Procedural regulation (inter alia the German laws LWaldG, ELER, GAK, LHO)

## **Indirect forest support:**

### Range of services

#### ForstBW:

- Consulting and assistance in private forest
- Site mapping in private forest
- Training opportunities
- And others

#### Tax benefits:

- Taxation of turnover
- Calamity taxation
- Forest Damage Compensation Act

## **Direct forest support:**

### Support program:

- subsidies for forestry measures

### Support for ecosystem services:

- Environmental allowances: subsidies for forests with special ecological or protection and recreational functions (i.a. Umweltzulage Wald)

### Income support:

- Area-related multi-year lump-sum payment

# Storm „Lothar“ December, 1999

- Wind speed up to 212 km/h;
- Around 30 million m<sup>3</sup> storm-damaged wood → triple the amount of annual cutting of Baden-Württemberg;
- Around 40,000 ha forest clearing → 3% of the forest area of Baden-Württemberg;
- Inventory loss of about 44 million solid cubic meters(Vfm)
- As a result:
  - Negative price development, in particular softwood;
  - Increased processing costs
  - Loss of production potential



# Support for recovering from storm damages

- Indirect support (amongst others):
  - Waiving the costs for assistance in private forests;
  - Regulation on Compensation for Forest Damage Act, as well as the corresponding tax relief;
  - Enhance advertising strategies for the increased timber usage;
  - Intensified conclusion of sales contracts through the forest administration



# Support for recovering from storm damages

- Direct support:
  - Storage opportunities for windfall timber
  - Measures for restoring the forestry potential
  - Program for securing the livelihood of rural private forest holdings
  - Interest subsidies for interim financing of processing costs (ger.: Aufarbeitungskosten)



# Storage assistance:

- Fixed amount support (Ger.: Festbetragsförderung):
  - Financial assistance with transport and stacking - 5.10 € / m<sup>3</sup> once for the intermediary transport to the wet or dry storage facility. No funding for the direct transport to the purchaser;
  - Financial assistance with wet storage facility - 3.10 € / m<sup>3</sup> yearly for the coverage of running storage costs (without transport and investment). No entitlement for free storage;
  - Financial assistance with debarking - 2.56 € / m<sup>3</sup> once for dry storage.





# Storage assistance:

- Proportional financing (Ger.: Anteilsfinanzierung):
  - Investments for wood preservation facilities such as wet and dry storage areas. 40% of the proven costs, dry stacking facility according to manual.



# Measures for restoring the forestry potential

- Fixed amount support (Ger.:Festbetragsförderung):
  - Ground clearing flat rate – 1,022.60 €/ha or 80% of the actual costs, for throw/break of stands/wind-slash without usable compact wood (compact wood up to a market value of 511.30 €/ha (1,000 DM/ha) does not affect the subsidy)



# Measures for restoring the forestry potential

- Proportional financing (Ger.: Anteilsfinanzierung):
  - Basic restoration of forest roads (eligible for aid were only private forests < 200 ha forest area under management) - up to 50% of the proven costs;
  - Natural regeneration, underplanting or re(af)forestation – hard wood plantations of up to 4,090 €/ha, mixed plantations (hard wood > 40%) of up to 2,556 €/ha, natural regeneration of up to 767 €/ha.



# Program for livelihood security for rural private forest holdings

- Requirements:

- Private forest holdings (20-200 ha) – damaged timber volume of at least 40 m<sup>3</sup>/ha of the entire forest area under management (positive earnings under 92.000 €/year).

- Content:

- Subsidy between 102-256 €/ha of the forest area under management; allowance for 10 years (no EU co-financing).



# Interest subsidies for interim financing of the processing costs

Duration	3 years	4 years	5 years	Total
Number of loans	268	180	97	545
Total volume of loans	7,027,581.94€	9,922,130.32€	5,608,168.95€	22,557,881.21€
Regular interest subsidy	628,023.60€	886,696.33€	501,176.89€	2,015,896.82€
Additional interest subsidy	0€	385,371.66€	424,263.53€	809,635.19€
Total amount of interest subsidy	628,023.60€	1,272,067.99€	925,440.42€	2,825,532.01€



# Amount of support to overcome the devastation from Storm „Lothar

	2000		2001		2002	
	PW	KW	PW	KW	PW	KW
	[million €]					
Emergency relief	10.0	10.9	2.6	6.6	2.1	4.4
Grants for wood storage						
Basic restoration of forest roads						
Ground clearing flat rate						
Investments in wet storage areas	1.0	1.3	0.1	0.1		
Silvicultural measures for re(af)forestation	4.6	7.0	6.1	12.3	6.3	14.3
Reconstruction grant	1.8		1.8		1.8	
<b>Total per year</b>	<b>17.4</b>	<b>19.2</b>	<b>10.6</b>	<b>19.0</b>	<b>10.2</b>	<b>18.7</b>



# Support for recovering from storm damages, 2007-2013

- Direct support under the administrative provision of sustainable forestry:
  - Re(af)forestation- mixed plantations 70%; broad-leaved plantations 85% proportional financing(Ger.: Anteilsfinanzierung);
  - Road construction/ basic restoration, up to 70% proportional financing;
  - Wood preservation facilities, up to 30% proportional financing;
  - Storage feeding(Ger.: Lagerbeschickung) 5 € / m<sup>3</sup>;
  - Wet storage areas 3 € / m<sup>3</sup>;
  - Interest subsidy dependent on the respo

# Funding amount for the promotion cycle 2007-2013

Part of the Directive NWW	2008	2009	2010	2011	2012	Average
Part A Afforestation	159,205	188,372	120,712	84,372	97,513	130,035
Part B Ecological forestry	4,943,806	4,892,467	3,915,391	3,374,510	3,494,839	4,124,203
Part C Forestry groupings	235,911	257,240	314,434	454,082	433,902	339,114
Part D Forestry infrastructure	233,885	548,837	774,628	344,039	368,899	454,058
Part E Other ecological measures	7,295	22,303	23,896	5,470	18,552	15,503
<b>Total</b>	<b>5,580,102</b>	<b>5,909,219</b>	<b>5,149,061</b>	<b>4,262,473</b>	<b>4,413,705</b>	<b>5,062,912</b>
Type of measure	2008	2009	2010	2011	2012	Average
Re(af)forestation	1,661,820	1,630,363	1,214,479	697,985	609,066	1,162,743
Tending of young stands	1,115,654	1,196,567	1,303,900	1,198,740	1,050,927	1,173,158
Underplanting	308,363	345,491	219,488	165,302	179,490	243,627
Natural regeneration	36,997	109,706	105,490	93,132	80,699	85,205
Replanting	74,056	52,173	34,517	33,682	52,999	49,485
<b>Total</b>	<b>3,196,890</b>	<b>3,334,300</b>	<b>2,877,874</b>	<b>2,188,841</b>	<b>1,973,181</b>	<b>2,714,217</b>



# Support for recovering from storm damages, 2007-2013

- Direct support:
  - Reconstruction grant
  - Ground clearing flat rate;

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# Support for recovering from storm damages– what is to be considered?

- State aid requirements!
- Funding requirements!



# State aid basics

- The European state aid law is part of the European competition law, which according to the preamble of the Treaty on the Functioning of the European Union (TFEU) has the objective of ensuring undistorted competition in Europe.
- The state provisions in Articles 107 to 109 of the TFEU allow for economic interventions by member states in favor of companies with certain limits



# State aid basics

- The term state aid is outlined in Art. 107 para. 1 of TFEU:  
“Save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.”



# State aid basics

- State aid authorization basics:
  - De-Minimis regulation
  - Agricultural exemption regulation
  - Agricultural framework
  - Aid to make good the damage caused by natural disasters or exceptional occurrences (Art. 107 para 2 letter b TFEU) checklist for member states



# Foundations for support

- What to consider when creating support systems:
  - Legal foundation
  - Effectiveness
  - Efficiency
  - Fixed amount financing vs. Proportional financing
  - Area support vs. Investment support
  - Support for personal contribution
  - EU co-finance



Thank you for your interest!



Baden-Württemberg