Leaving the EU means exiting from CAP. This provides an opportunity to create a more profitable, diverse, environmental, and vibrant rural economy. The key first step in seizing this opportunity is to create a truly integrated land use policy in which forestry and farming are able to work together for a flourishing rural economy.

Confor: promoting forestry and wood

Confor (www.confor.org.uk) is a not-for-profit membership organisation for sustainable forestry and wood-using businesses. Confor represents the whole forestry and wood supply chain and focuses on strategic issues vital to the success and sustainable future of the sector. These include helping build the market for wood and forest products, creating a supportive policy environment, and helping members to become more competitive and successful.

Confor has 800 members in Scotland including forest management companies, sawmills and wood processors, forestry professionals and woodland owners.

Summary

- The low rates of tree planting in the past 20 years are, in part, a result of Common Agricultural Policy (CAP) subsidies and grant schemes being designed for farming and focusing attention away from forestry.
- Leaving CAP provides a once-in-a-lifetime opportunity to create an integrated rural policy and support system which enables farmers and landowners to plant more trees as a means of diversifying their businesses and providing new, sustainable income streams.
- Forestry is a very profitable industry, and enabling farmers and landowners to participate in it would help secure farm incomes and farming communities in the long term.
- Tree planting is a solution to many of the environmental problems associated with farming: creating and connecting wildlife habitats, stabilising soil, mitigating flooding and improving their biodiversity quality, and sequestering carbon.
- Scottish forestry benefits from participation in EU forestry research projects, and loss of access to these is a matter for concern.
- Much of the environmental legislation which governs forestry is derived from the EU, and the forestry industry should be involved in discussions of any future changes.
- Continued availability of seasonal migrant labour is vital to the success of the forestry industry.
- Pests and diseases are an increasing risk to UK forestry, and it is vital that suitable controls are exercised over the import of plant and wood materials.
Designing subsidies for integrated land use

Scottish agriculture receives around £500m a year in EU subsidies, while forestry receives grants of around £36m per year, half from the EU CAP Pillar two, and half from the Scottish government.¹

By far the biggest impact is the Common Agricultural Policy’s focus on farming to the detriment of other land uses. Tree planting meant a loss of CAP payments for many decades and it is now only ‘shoe-horned’ in through Pillar Two. Although since 2015 farmers have been able to retain their basic payments if they plant trees, this is a ‘workaround’ by the present government, which does not give farmers security over the 30 years required to establish a productive forest.

CAP consumes the attention of civil servants, farmers and politicians, meaning that afforestation is rarely considered as part of farming enterprises. As a result, the larger tree planting schemes take place through the purchase of a whole farm, reinforcing an impression that land is either ‘forest’ or ‘farm’. A post-Brexit system should operate from a blank sheet where farmers and land-owners can make decisions based on what is best for that particular land, not by artificial funding structures.

Narrow thinking is evident in the fact that in the discussions of agricultural policy, for example those surrounding Brexit, forestry is very rarely mentioned, if at all, as a possibility, yet it provides many solutions to the problems farmers and rural policy makers face. Timber can provide a sustained income stream for hill farmers, while adding shelter belts and improving the quality of their pasture without reducing the size of their flock.² The financial benefits of growing timber were noted in Farmers Weekly recently:, “The weaker pound has already pushed timber prices up 10% since the EU referendum vote. If, as a result of Brexit, this situation is sustained it could mean greater demand for home-grown timber, as imported product will look expensive”.³

Planting trees also solves many of the environmental issues associated with farming. The State of Nature 2016 Scotland report highlighted the tendency to ‘fragment and isolate remaining areas of semi-natural habitat’ and the fact that ‘Scotland is now one of the most heavily deforested countries in Europe’ as the greatest threats to Scotland’s biodiversity.⁴ SRUC has demonstrated that livestock farms can achieve negative carbon emissions by planting trees.⁵ Farm woodland is one of the top recommendation for a post-Brexit rural environmental policy from Scottish Wildlife Trust⁶ and the Soil Association⁷.

¹ http://www.parliament.scot/ResearchBriefingsAndFactsheets/55/5B_16-89_European_Union_Funding_in_Scotland_2014-2020.pdf
³ http://www.fwi.co.uk/business/woodland-and-forestry-could-provide-important-income-stream.htm?platform=hootsuite
⁵ https://www.sruc.ac.uk/downloads/120648/beef_and_sheep
Research and international collaboration

Research and development is vital to the success of the forestry and timber sector, whether in silviculture, tree health, sustainable management techniques, off-site timber construction, new wood based products for the bioeconomy, or many other areas. The Forestry Commission’s research body Forest Research leads on this at a UK level, and it is important that this UK-wide collaboration should continue as it provides a critical mass of expertise and shared knowledge in areas like tree pests and disease.

Forest Research has received between £400,000 and £780,000 a year between 2012 and 2015 in European funding. More importantly, the UK also contributes to, and is able to participate in, two EU forest research projects: Woodwisdom, research into increased efficiency and climate change resilience in the European forestry industry, has a research budget of £3.6m; and Horizon 2020, the EU innovation programme, has a budget of €80bn (£67bn) over 7 years.8 Ceasing to participate in these large collaborative research projects means UK forestry risks slipping behind the rest of Europe, and undermining the critical mass of forest research professionals.

Environmental legislation

Much of the environmental legislation which derives from the EU impacts forestry. This includes:

- Environmental Impact Assessments
- Birds and Habitats Directives
- Timber regulations
- Employment and Health & Safety law
- Plant health and quality
- Forest Reproductive Material Directive
- Construction Products Regulation
- Water Framework and Floods Directive
- Invasive Non-Native Species
- Pesticide Regulation
- European Food Standards Agency regulations
- Regulations affecting the haulage industry
- Renewable Energy Directive

These are discussed in detail in Confor’s report, The impact of leaving the European Union on the UK Forestry Sector.9 It will be important to ensure that the forestry industry is consulted on any possible changes which might result to this framework of legislation as a result of Brexit.

Seasonal Labour

The forestry sector relies on seasonal migrant labour for planting, nurseries and sawmills.

Access to resources like skilled harvest machine operators from Eastern Europe is already threatened by the devaluation of the pound – reducing the money available to send home. It will be vital, in the short term at least, to ensure a post-Brexit immigration system that recognises the need for seasonal labour and the temporary employment of foreign nationals in the forestry and timber sector.

**Plant health**

Increased global trade and climate change combine to make tree diseases and pests a growing risk for the forestry sector. The EU has been both good and bad for plant health, providing a strong framework of protection within Europe, but also making it difficult for the UK to exercise control over what is imported from mainland Europe.

Forest pests and diseases have the potential for major economic, ecological and cultural damage to our forests. It is vital that proper controls are exercised in future over imports of wood packaging, firewood and nursery stock.

**Markets and trade**

Some 3% of sawmill production in 2015 was exported (187,000m³) compared with imports of 6,323,000m³. This reflects a long-term position.

Woodbased panels accounted for more exports in 2015, 9% of production, 286,000m³ compared to 3,217,000m³ imports. Industry feedback is that the level of exports has reduced since 2015.

Overall there is a significant trade deficit in wood products between the EU and the UK. Whilst Scotland specific figures are not available Confor believes these would likely mirror the UK wide position.