GoNaturePositive!

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Sectoral Brief

Forestry

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Building a nature positive economy: The role of policy and business

Nature is the foundation of our economies, societies, and well-being—yet we are depleting it at an alarming rate through land and sea use change, resource overexploitation, human-induced climate change, and pollution.[1] With more than half of global GDP dependent on nature and its services,[2] biodiversity loss and environmental degradation are not just an ecological crisis. They pose significant risks to businesses, supply chains, and financial markets worldwide. To address this challenge, policy frameworks are evolving to make nature an integral part of economic and financial decision-making. These policies can create an enabling environment for businesses to align their operations with **nature-positive principles** and support a wider transition to a **nature-positive economy**.

What is 'nature positive'?[3]

Nature Positive is a global goal aimed at halting and reversing nature loss by 2030 and achieving full recovery of nature by 2050. It represents a shift from merely minimising environmental harm to actively protecting, restoring and using nature in a sustainable way to improve the health, abundance, diversity, and resilience of species, ecosystems, and natural processes.[4] Operationalizing this concept involves (i) reducing negative impacts on nature and addressing drivers of nature degradation; (ii) increasing positive impacts, including through nature-based enterprises, nature-based solutions (NbS), and conservation measures; and (iii) fostering transformative change to our economy and society. Companies that integrate nature into their decision-making can enhance long-term resilience, unlock new markets, and reduce material financial risks tied to biodiversity loss.[5]

What is a nature-positive economy?

A nature-positive economy (NPE) means that the net result of all economic activities combined leads to an absolute increase in nature, towards full recovery[6]. This will require businesses, governments, and citizens to act across multiple scales in every sector, while aligning with social ecological well-being and equity. By embedding nature-positive strategies into policy design and core business operations—whether through supply chain transformation, regenerative business models, or investment in nature-based solutions—progress can be made towards a thriving, sustainable economy.

How to transition?

The transition to a nature-positive economy demands action from all parts of society, from public policy to private initiatives. In this series of briefs, we explore how five critical sectors – agriculture, the blue economy, forestry, green buildings, and tourism - can take nature positive actions to support the transition to a nature-positive economy. Each brief highlights the sector's current impact on nature and looks at how the EU policy framework and international private initiatives can potentially support or hinder the sector's NPE transition. We also highlight existing examples of businesses in the sector taking nature positive actions. This brief focuses on the forestry sector.

Forestry at a crossroads: Challenges and opportunities in the nature-positive economy

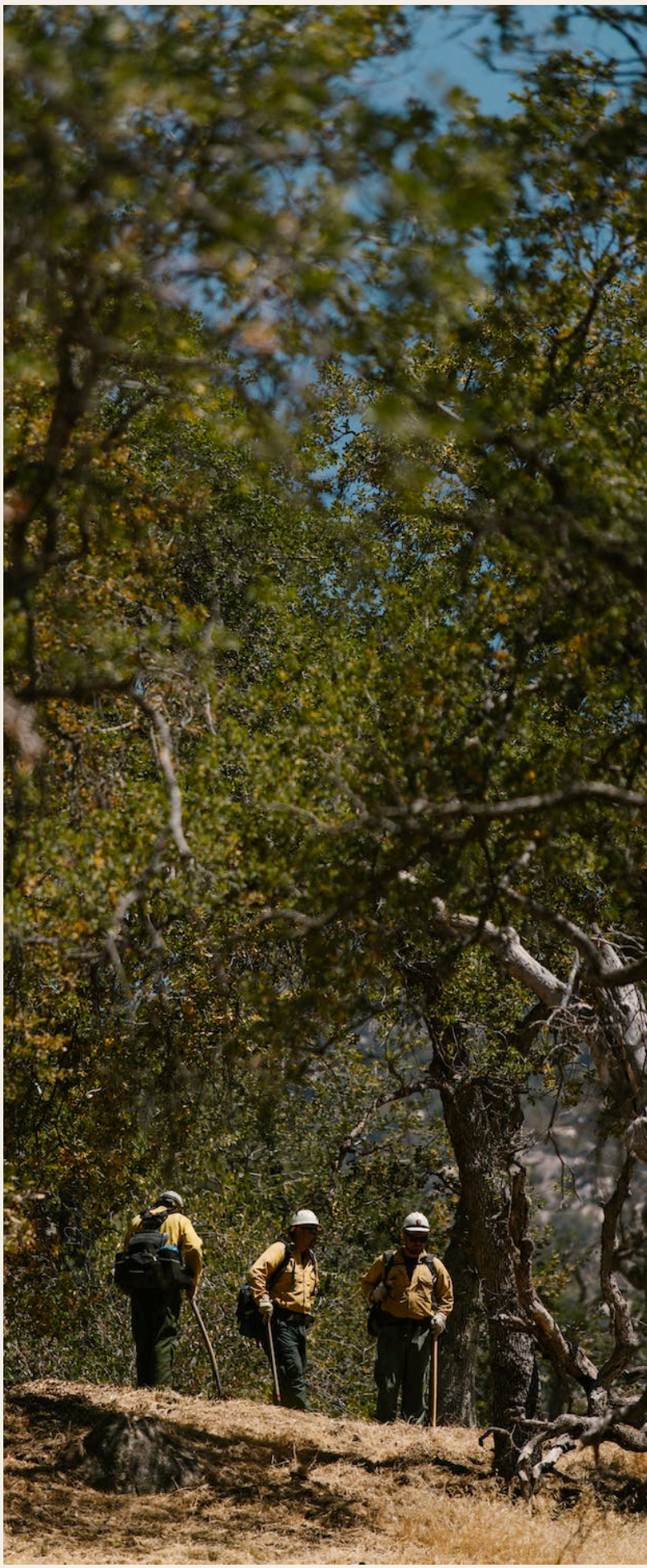
The forestry sector is essential to the EU's landscape, economy and biodiversity, impacting employment, environmental sustainability, and the bioeconomy. In 2022, forests covered 39% of the EU's land area, a 5% increase since 2000, driven by natural expansion and afforestation.[7] Forests in the EU vary widely due to geoclimatic factors like climate, soil, and altitude. Only 4% of EU forests remain untouched, while 8% are plantations and the rest are semi-natural and shaped by human activity. Ownership is split between private (60%) and public (40%) holdings.[8][9] Forests play a key role in rural employment, supporting forestry, logging, and wood-based industries and non-wood sectors such as ecotourism and hunting. However, employment in forestry and logging has declined by 16% since 2000, with 476,300 workers in 2022.[10] The sector's economic contribution is also shrinking: In 2022, forestry and logging generated €27.9 billion in gross value added, representing 0.17% of the EU's GDP, down from 0.21% in 2000 (a 19% decline).[11] The sector receives substantial public funding, with the Common Agricultural Policy providing €4.2 billion between 2021-2027. [12] Additional support comes from Member State funding, including state aid and national forest funds in some cases.

Resilient EU forests: balancing multifunctionality and sustainability in the face ofclimate challenges

Sustainable forest management aims to ensure that forest use maintains biodiversity, productivity, regeneration capacity, and vitality, i.e. preserving forests' ability to fulfill ecological, economic, and social functions while maintaining balance with other ecosystems.[13] Yet the state of European forests is concerning, with overall forest conditions deteriorating and only 14% reported as being in a 'good' conservation status by Member States. [14] Forest management can also place pressures on other habitats and species. For example, the removal of old, dead, or dying trees can negatively affect dependent insects, mammals, non-vascular plants, and breeding birds.[15] European forests are facing increasing risks from climate change such as forest fires, prolonged droughts, more frequent and severe storms, and the accelerated spread of pests and diseases. These threats undermine their ability to act as carbon sinks, safeguard biodiversity, and provide essential ecosystem services to communities. Resilient forests, capable of withstanding these impacts, are crucial for protecting, restoring, and increasing nature.

A path forward: Forestry's role in the nature-positive transition

Forestry has the potential to follow more nature-positive principles, with sustainable forest management models balancing environmental, economic, and social objectives. Examples include closer-to-nature forestry, promoting mixed-species forests and natural regeneration, and agroforestry which integrates trees within agricultural landscapes. Reducing clear-cutting, increasing forest climate resilience by fostering diverse, resilient tree species, and improving pest and fire management can also generate long-term biodiversity benefits. Complementary strategies to support such a transition can include, for example, payments for ecosystem services to compensate landowners, the promotion of sustainable wood products, carbon storage solutions, and non-timber forest products to ensure responsible sourcing. Additionally, multi-use forest management approaches that integrate timber production, recreation, and conservation can help to maintain long-term forest health while addressing diverse stakeholder needs. These integrated approaches can enable the forestry sector to ensure that forests continue to provide essential economic and social functions, whilst conserving and restoring nature.



EU policy: Enabling or hindering the nature-positive transition?

A strong policy framework is essential to drive the forestry sector's transition to a NPE. Policy can assist by setting clear targets and establishing a vision, disincentivising and fading out harmful practices, and providing financial incentives for sustainable farming. Public policies, including strategies, regulations, and funding instruments, can either accelerate this transition by promoting sustainable forest management and biodiversity conservation or hinder progress if they continue to support environmentally harmful practices. In an accompanying report,[16] we evaluate more than 60 global and EU policies to identify potential support or hindrances regarding the NPE transition.
Here we use examples of two key EU forestry sector policies to explore these potential impacts in more detail. [17]

Global and cross-cutting EU policies

At the global level, an overarching framework is provided by policies such as the **Kunming-Montreal Global Biodiversity Framework (GBF)** and the **Paris Agreement**, which broadly support the "nature positive" agenda, aiming to halt and reverse biodiversity loss while addressing climate change.

With regards to the forestry sector, the GBF emphasises the sustainable management, protection, and restoration of forests as critical ecosystems for biodiversity, climate resilience, and ecosystem services and includes e.g. Target 10 on forest management certification, above-ground biomass, forest area – including within legally protected areas, and long-term management and Target 2 on restoring ecosystems and expanding secondary natural forest cover. The GBF also provides a roadmap for integrating biodiversity conservation into global economic systems and encourages governments, businesses, and communities to take coordinated action. In parallel, the Paris Agreement recognises the critical role of forests in mitigating climate change by promoting carbon sequestration, enhancing resilience, and reducing vulnerability to climate impacts. The effectiveness of these policies depends on robust enforcement, coherent implementation and policy alignment. Without safeguards, climate-driven policies under the Paris Agreement could promote nature-harming practices like large-scale afforestation with non-native species or unregulated bioenergy expansion, undermining biodiversity and ecosystem integrity and conflicting with the biodiversity goals of a nature-positive economy.

EU policy can support NPE by *establishing a vision and direction*, such as through the **European Green Deal (EGD)**, the EU's flagship strategy for achieving the transition to a climate-neutral economy by 2050. Launched in 2019, it provides a comprehensive policy framework for transforming the EU's economy to reduce greenhouse gas emissions, enhance resource efficiency, and restore Europe's natural ecosystems.

Among other important policies, the EGD includes the **EU Biodiversity Strategy for 2030**, which aims to halt biodiversity loss, restore degraded ecosystems, and enhance green infrastructure. It establishes targets and underscores the need for transformative changes across sectors to integrate biodiversity into every aspect of policymaking and business practices, ensuring long-term resilience.

The evolving EU political landscape following the 2024 elections—with a focus on competitiveness and policy simplification—introduces potential risks. Recent initiatives such as the **European Competitiveness Compass** and the **Omnibus simplification package** illustrate this shift. While efforts to reduce administrative burdens can be beneficial, care must be taken to ensure they do not undermine ambitious and mandatory nature policies.

EU policy can also establish rules and regulations that reduce a sector's negative impacts on nature and create additional nature, an approach employed by the **EU Nature Restoration Regulation**. This regulation introduces legally-binding and time-bound targets to restore degraded ecosystems, habitats and species in the EU. Through these targets and an obligation to draft National Restoration Plans, the EU Nature Restoration Regulation is expected to boost national restoration efforts, bringing the EU closer to the nature-positive economy.

Finally, EU policies can provide funding for nature-positive or nature-negative activities. The **Multiannual Financial Framework** (MFF), for example, establishes the EU's long-term budget, outlining priorities and ensuring predictable and stable funding for various policies and programmes. While funding through the current MFF (2021-2027) supports some nature-positive initiatives such as responsible resource use and green and blue infrastructure development, it can also fund activities that may conflict with the NPE, such as unsustainable logging practices, or infrastructure expansion projects increasing ecosystem fragmentation within forested areas. These conflicting priorities within the EU budget weaken its transformative potential for a nature-positive transition.

Forestry-specific policy in the EU

Sector-specific EU policy can also support the NPE transition. Two important forestry policies regarding the transition to a nature-positive economy are the EU Forest Strategy for 2030 – a flagship initiative of the European Green Deal (supported by the EU Biodiversity Strategy pledge to plant an additional three billion trees by 2030), and the EU Deforestation Regulation:[18]

The **EU Forest Strategy for 2030** seeks to balance the economic benefits of forest resources with environmental protection, thereby promoting ecosystem restoration, sustainable timber production, and the use of forests for carbon sequestration and other ecosystem services. Critical aspects target forest expansion via (biodiversity-friendly) afforestation and reforestation, climate change resilience and carbon sequestration, biodiversity protection, sustainable and closer-to-nature forest management, and a sustainable forest-based bioeconomy. Financial incentives are available to forest owners and managers to improve the quality of EU forests and strengthen ecosystem services provisioning. The EU Forest Strategy's call for closer-to-nature forest management is aligned with the NPE transition, emphasising forest management practices that mimic natural forest dynamics, leading to healthier ecosystems, improved carbon sequestration, and better adaptation to climate change. Similarly, biodiversity-friendly afforestation guidelines encourage the restoration of degraded or deforested land through tree planting, which contributes to carbon storage and ecosystem recovery. However, challenges remain in inconsistent application across Member States and a reliance on voluntary measures.

The **EU Deforestation Regulation** (EUDR) aims to prevent European consumption from driving global deforestation, serving as a key pillar of the EU's broader strategy to combat deforestation and forest degradation. The EUDR specifically targets deforestation and forest degradation driven by agricultural expansion linked to the production of commodities such as wood, rubber, cattle, coffee, cocoa, or palm oil, setting binding rules for EU operators or traders placing these products on the EU market or exporting them. Under the regulation, a series of requirements around providing evidence on the origin of products, conducting risk assessments, and undergoing compliance checks aim to ensure that European consumption does no significant harm to nature abroad. By holding companies accountable for the sustainability of their supply chains and explicitly recognizing the rights of indigenous peoples and local communities, the EUDR can foster a transition toward a nature-positive economy and help tackle the root causes of biodiversity loss, creating pathways for businesses and consumers to contribute directly to more nature-positive activities through more environmentally sustainable and ethical trade practices.

Private and NGO leadership in forestry's nature-positive transition

Alongside public policy, **private and non-governmental actors play a critical role in driving the transition to a nature-positive economy**. Key initiatives include, for example, sustainability reporting (such as the Taskforce on Nature-related Financial Disclosures[19]), finance alignment (such as the Finance for Biodiversity Foundation), and knowledge development (such as IPBES[20]). **In the forestry sector, coalitions of businesses and non-governmental actors play an important role promoting sustainable forestry practices**. The following international initiatives stand out for their impact on the NPE transition:

Forest Stewardship Council (FSC)[21]

Established in 1994, the FSC is a global non-profit organisation that promotes sustainable forestry through the certification of forestry production and processing. With over 1,000 individual and organisational members—ranging from major companies like IKEA to NGOs such as WWF—the initiative sets forestry standards addressing deforestation, biodiversity preservation, and worker rights. FSC primarily facilitates the NPE transition by driving business transformation, with its forestry standard applied to over 150 million hectares of forest. Its supply chain certification ensures sustainable wood sourcing, while the FSC label empowers consumers to make informed choices, fostering greater demand for sustainably sourced products. The initiative also features an example of a relatively transformative and NPE-aligned multi-stakeholder governance model that ensures equal representation of economic, environmental, and social interests, including indigenous and worker voices. However, FSC has faced criticism from some former signatories for insufficient stringency in implementation, with Greenpeace withdrawing as a signatory in 2020.

Programme for the Endorsement of Forest Certification (PEFC)[22]

PEFC is a global alliance of national forest certification systems launched in 1999 to promote sustainable forest management through independent verification. PEFC certification covers 280 million hectares of forest, with over 20,000 companies possessing certificates ascertaining the sustainability of their supply chain. Unlike FSC, which sets an international standard, PEFC endorses national standards, with a particular aim of enabling cost-effective certification for small-scale foresters. PEFC covers forestry operations as well as supply chain tracking, aiming to help foresters demonstrate responsible practices and enable consumers and businesses to make sustainable choices. PEFC's benchmark standard aligns with nature- positive objectives such as maintaining ecosystem health and conserving biodiversity. The degree to which this benchmark standard supports the NPE transition on the ground depends on the stringency and implementation of PEFC-approved national standards, which have been criticised by some NGOs, with assessment of impact hampered by a lack of data. [23]

Scaling change: Examples of nature-positive forestry policy in practice

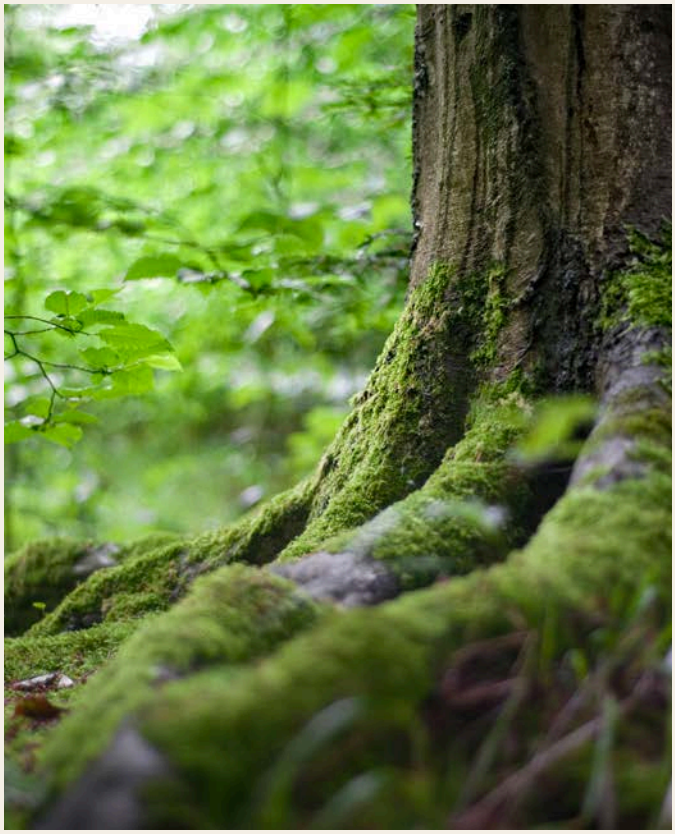
WOWnature was launched in 2018 in response to the devastating Vaia storm that severely damaged forests across northern Italy. The initiative aims to help citizens, institutions and companies to grow new forests and protect existing ones. Started by Etifor, an environmental consultancy which specialises in natural capital enhancement, the initiative aligns with the EU's 3 Billion Trees programme, aiming to restore degraded ecosystems and enhance biodiversity by 2030, as well as the EU Biodiversity Strategy for 2030 and Italy's National Forestry Strategy, which promote afforestation as a key tool for carbon sequestration and sustainable land use.

One of WOWnature's flagship projects, Bosco Fontaniva, is part of the Parco Fiume Brenta Initiative. This project has transformed abandoned farmland into a resilient forest by planting native species such as oaks and hornbeams, with support from both public and private entities. By strengthening local biodiversity and creating a green corridor, the project contributes to climate change mitigation. Many WOWnature projects are FSC-certified, ensuring sustainable forest management that balances ecological, social, and economic needs.

Despite challenges such as fragmented regional policies and bureaucratic hurdles, WOWnature has demonstrated that cooperation between local governments, businesses, and citizens can accelerate large-scale reforestation and serves as a model of successful public-private collaboration in forest restoration. By bridging local and EU policies, the initiative contributes to climate resilience and ecological restoration, paving the way for a greener future for the forestry sector.

Final reflections

Healthy ecosystems are essential to achieve the EU's political priorities, including its competitiveness. They provide important services that form the backbone of many economic sectors, including agriculture, the blue economy, forestry, the built environment, and tourism. Such services—ranging from carbon sequestration and water purification to soil fertility and pollination—are integral to maintaining Europe's economic stability and growth. As global markets increasingly prioritise sustainability, **investing in nature-positive solutions and nature-based enterprises enhances Europe's ability to compete in emerging green markets**, ensuring sustainable growth and securing its leadership in the global transition to a nature-positive economy. By embedding nature-positive strategies into policy design and business operations, progress towards the transition to NPE can be achieved.



In the forestry sector, regulatory measures and funding instruments such as the CAP and the LIFE Programme as well as voluntary initiatives like the EU 3 billion Trees Pledge can accelerate this transition by supporting sustainable forest management models - e.g. closer- to-nature forestry and agroforestry - while limiting unsustainable practices, such as clear- cutting. To ensure this transition is both effective and equitable, inclusive governance should be prioritised. This includes recognising and upholding the rights of indigenous peoples and local communities, in line with the EUDR, which embeds the principle of free, prior, and informed consent and acknowledges land tenure rights. These measures lay the foundation for participatory and just forest stewardship.

Enhanced monitoring and transparency are equally critical. Leveraging the EUDR's geolocation-based due diligence framework and the EU Forest Observatory can support data-driven decision-making, improve biodiversity and climate tracking, and strengthen enforcement mechanisms. In this context, it is also important to use the momentum of the EU Nature Restoration Regulation to foster more coordinated restoration efforts in forest ecosystems, maximising the attainable positive impact. Finally, forest-related funding and subsidies should be aligned with broader biodiversity and climate goals. This includes integrating nature outcomes, restoration targets, and resilience-building actions into sectoral policies and investment strategies to ensure long-term coherence across EU strategies.

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[3] Definitions and key terms are drawn from the GoNaturePositive Concept Note; see it for a more detailed introduction to concepts discussed in this brief: GoNP! Concept Note 15/10/24

[4] The Nature Positive Initiative (2023) provide a leading definition of Nature Positive: "Halt and reverse nature loss by 2030 on a 2020 baseline, and achieve full recovery by 2050". This is in line with the mission of the Kunming-Montreal Global Biodiversity Framework. See Nature Positive Initiative (2023) The Definition of Nature Positive. www.naturepositive.org/app/uploads/2024/02/The-Definition-of-Nature-Positive.pdf

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[15] Ibid.

[16] See GoNP! Deliverable 1.3. Available at https://www.gonaturepositive.eu/

[17] Four other sectoral briefs focus on other sectors and their policies and initiatives. Available at https://www.gonaturepositive.eu/.

[18] This section summarises the broader policy instrument selection and analysis conducted in the full source report. For methodological details and the complete list of analysed instruments, see GNP! Deliverable 1.3.

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