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## ***Exploiting the potentialities of solid biomasses in EU Parks***

### **D5.6.6 PROPOSITION OF LEGAL MEASURES AT NATIONAL LEVEL Recommendations for Decision Makers**

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**Contents**

Preface..... 3

EU framework..... 3

    Problem No1: High VAT rates in biomass..... 3

    Problem No2: Cross border biomass selling and VAT Directive..... 3

    Problem No3: Provisions in NREEAP 2010 and beyond ..... 4

National framework ..... 4

    Problem No4: Absence of up to date legal framework..... 4

    Problem No5: Absence of modern guidelines and specifications for sustainable forest management plans..... 4

    Problem No6: Bureaucratic decision making system..... 5

    Problem No7: Non innovative and competitive framework for forest logging ..... 5

## Preface

The 5.6.6 Deliverable document is proposing legal measures at national level and is divided in two parts. In the first part the issues described and thus the legal measures proposed are related not only to national but also to EU level. In the second part the issues described are related only to national.

## EU framework

### **Problem No1: High VAT rates in biomass**

The high rate of VAT (23%) implemented in biomass fuels instead of the rate implemented to other thermal energy derived 100% from fossil fuels consumption like natural gas or in a great proportion from fossil fuels in the case of electric energy. In those both competitive energy sources the VAT is 13%. According recent data 49% of the energy production in the Greek interconnected grid is coming from fossil fuels consumption. Of course, the VAT rates in products categories are a central decision made by politicians in relation to sectors that should be favored or in relation to political goals that should be achieved. In any case the great difference of VAT rates among RES and conventional energy sources is irrational and should be eliminated not directly but by setting a transition time period.

### **Problem No2: Cross border biomass selling and VAT Directive**

There is great handicap for the locally produced wooden biomass in a case where this biomass is produced in areas nearby the borders of other EU member states. European legislation for the VAT regimes creates a price gap for local retailers equal to the VAT rate (23%) which is set in Greek biomass production. For an instance, a Bulgarian biomass retailer could be easily sell quantities of biomass to a Greek end consumer by issuing an invoice with 0% VAT rate instead of a receipt with 20% VAT rate which is the case. This example is a win – win case because the retailer wins revenues from the selling and the consumer wins lower paid prices. The Bulgarian state is losing the 20% VAT on the selling price but in wins taxable revenues and the Greek state is not able to trace the invoice issued illegally because the end consumer does not keep records. This wider problem for all EU member states and all kinds of products is provoked by the current EU VAT directive. This should be changed by Commission through the implementation of the new VAT Directive.

### **Problem No3: Provisions in NREEAP 2010 and beyond**

The National Renewable Energy Action Plan for Greece (NREEAP 2010) unfortunately does not make any provisions for the implementation of specific measures for the promotion of the use of energy from biomass until 2020. In the relative chapter 4.6 – p 86-93 there is not even a hint regarding biomass and the way that the Greek state will facilitate and boost its use for RES. The presentation in the chapter 4.6 stress that the Greek state has limited available data regarding biomass production and trends. For this reason there are no specific policies and priorities for biomass use as RES. The provisions stress almost slight increase for overall biomass production from 1000 in 2005 to 1200 ktoe to 2020 and also very poor contribution of wooden biomasses in RES mixture until 2020. In the new National Renewable Energy Action Plan for Greece sound goals and measures should be set for biomass and this is of responsibility of the Greek state but of the Commission as well.

## **National framework**

### **Problem No4: Absence of up to date legal framework**

The absence of an up to date national legal and regulative framework that should regulate LSCs development for wooden biomass is a main problem for the establishment and operation of such schemes. The production, processing and sell of wooden biomass should be follow clear and transparent rules because is related to environmental protection issues but on the other these rules should be flexible in order to promote social welfare and economic sustainability. In recent years there were sparse incentives for the development of this framework that lead in poor results. For example the guide for transportation of fire woods which issued from the General Secretary of Commerce in 2012 is a consulting document and never took the form of a regulation or ministerial decree leaving biomass consumers exposed in market's tricks.

### **Problem No5: Absence of modern guidelines and specifications for sustainable forest management plans**

The absence of modern and up to date guidelines and specifications for the sustainable forest management especially in protected areas is a problem that is known in the Greek authorities for decades. The current forest management guidelines put in to force by the ministry of Agriculture on 1950 and have improved slightly since then. The guidelines don't take into account challenges like the protection status in global and EU scale (e.g Forest Europe

commitments), the global climate change and other environmental problems, and also contemporary exploitation methods, biomass market trends etc. New forest management specification framework is needed urgently. Fine-tuned biomass availability estimations and better annual biomass production distribution will lead in better programming of logging and in relative normalized biomass production provisions in local scale something that is vital for viable LSCs establishment and operation.

#### **Problem No6: Bureaucratic decision making system**

A Centralized and bureaucratic decision making system in the public forest sector leads to a slow response and almost null flexibility in general. Especially for the wooden biomass exploitation system the bureaucracy is a first class burden for LSCs' establishment and operation. Local forest officers and directors even if they know better the local conditions are not commissioned to make decisions regarding logging and wooden products types produced each year. Local decision making regarding annual quantities drawn from a forest and the products' categories produced leads to a better regulation of biomass offer and thus in better adaptation to local market acquisition. Of course the system should be enforced with better monitoring tools and penalties for LSC stakeholders for fraud avoiding.

#### **Problem No7: Non innovative and competitive framework for forest logging**

Non innovative and competitive framework for forest logging works organization and management. FWC work and operate under an old regulative framework PD126/1985 that favors workers fragmentation and leaves no space for a modern entrepreneur organization of their associations. In addition the forest logging and regulative framework allows only annual logging contractual which is counterproductive. The prohibition of multiannual logging contracts between forest service and forest workers' cooperatives leads in a less competitive market, higher management costs, and in bad works programming.