The role of forestry and forest based products in the tackling climate change – the EU framework

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Simon Kay
European Commission

The Paris Agreement

"Achieve a balance between anthropogenic emissions by sources and ***removals by sinks*** *of greenhouse gases in the second half of this century"*

The EU commitment:

- Include **LULUCF** into the GHG mitigation framework
- At least **40% emission reductions** compared to 1990

Commission proposal on land use, land use change and forestry for 2021-2030

- *Continues with*
  - **Separate LULUCF pillar**
  - **'No debits' rule**
  - **Internationally agreed reporting and accounting rules for Member States**
- *Updates rules for*
  - **Setting the Forest reference levels**
  - **Reference period for afforestation in line with UNFCCC (20-year time window)**
  - **Reference period for cropland and grassland management (2005-2007)**

- *New limited flexibility with agriculture created under the proposed Effort Sharing Regulation*

"There are not sufficient incentives to increase mitigation action for forestry" (1/2)

- Accounting rules identify emissions / removals which are the **result of human activity**, thereby incentivizing **additional action** to mitigate climate change
- Incentives for pro-active, sustainable forest management:

Option		Benefits in:
Increase in C stock	**In existing forests**	LULUCF
	In wood products	LULUCF
Substitution effects by wood	**Material**	Other GHG sectors
	Fossil-fuel energy	Other GHG sectors

"There are not sufficient incentives to increase mitigation action for forestry" (2/2)

However, uncertainties associated with emission reductions from forests are still high!

- Commission proposal:
  - **Maintains incentives to *delay emissions* via wood products**
  - **Limits use of forest credits towards compliance (3.5% cap)**
  - **Exclude forest credits from flexibility with ESR**
- Once experience has progressed, and reference levels for the period 2021 to 2030 have been set under a more comparable and transparent EU governance approach, **the question of including such credits can be revisited**.

"The Forest Reference Levels should include bioenergy policies"

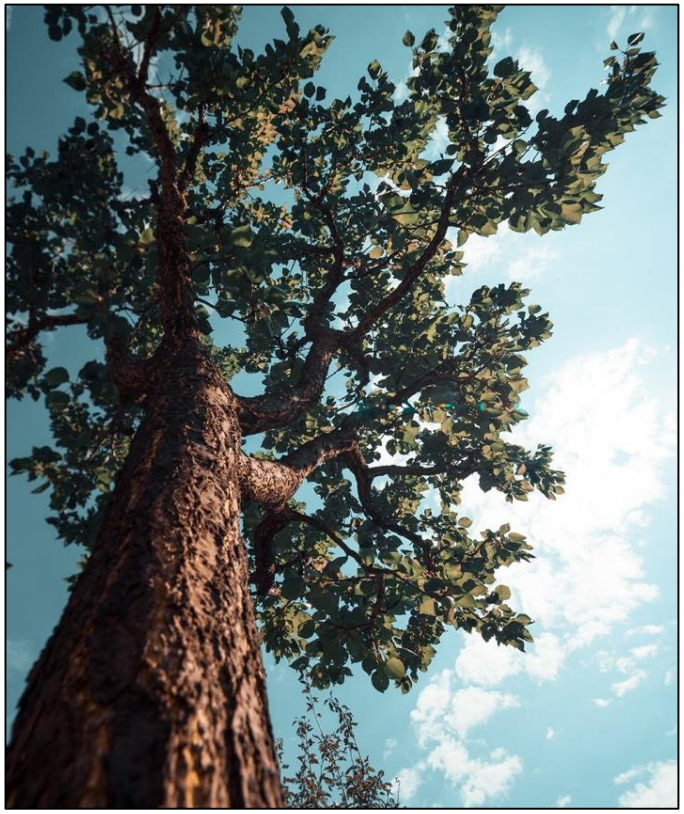
Emissions related to bioenergy:

Zero-rated in the energy sector

Accounted within LULUCF, as a **decrease in carbon stock** compared to the reference

- If bioenergy policies were incorporated in the FRLs, associated emissions **would disappear** from EU accounting
- This would invalidate the zero-rating of biomass in the energy sector

"The proposal will limit production from agriculture/forestry and constrain the bio-economy"



Policy maker

- The optimal mix of mitigation options **remains a MS competence**
- The proposal places **no limits on the level of harvest or cropping**
- It incentivises national policies for the sustainable management of wood and land

Farm and Forest owners

- **Individual owners** are not impacted by the legislation in a direct way
- They remain free to choose management and harvest approaches, in compliance with national legislation (including wood products)

Providing for LULUCF additional action – the logic

- *Enhancing forestry and agriculture's climate impact requires a transition towards **resource efficient systems** based on **well managed soils and landscapes***
- *Among other actions, conservation agriculture, **new agro-forestry**, **promotion of long-term wood products**, better soil management and organic farming, can contribute to:*

  - **Replacing fossil materials with wood** produced nationally
  - Reduction of fossil-fuel based pesticide use
  - **Enhanced soil carbon** management, including in forests and forest soils
  - **Increasing the resilience of agricultural production** to floods and drought
  - Leading to a more **sustainable food and material production system**

Conclusion

- LULUCF proposal = an accounting framework to incentivise **enhanced mitigation on agricultural land** and **sustainable forest management**
- Forest Reference Levels are **forward-looking** as they incorporate future characteristics of forests
  - **Emissions from bioenergy are accounted under LULUCF to justify that they are zero-rated in the energy sector**
  - **The proposal places no limit on the level of harvest**
- Individual farmers and forest owners are not impacted by the legislation in a direct way
- The flexibility with the Effort Sharing Regulation recognizes the limited mitigation potential of the agricultural sector

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Thank you!

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