



The role of forests in the EU climate policy framework

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*"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

"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 to 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:
 - **Limit 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 policies"

Emissions related to bioenergy:

Zero-rated in the energy sector

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

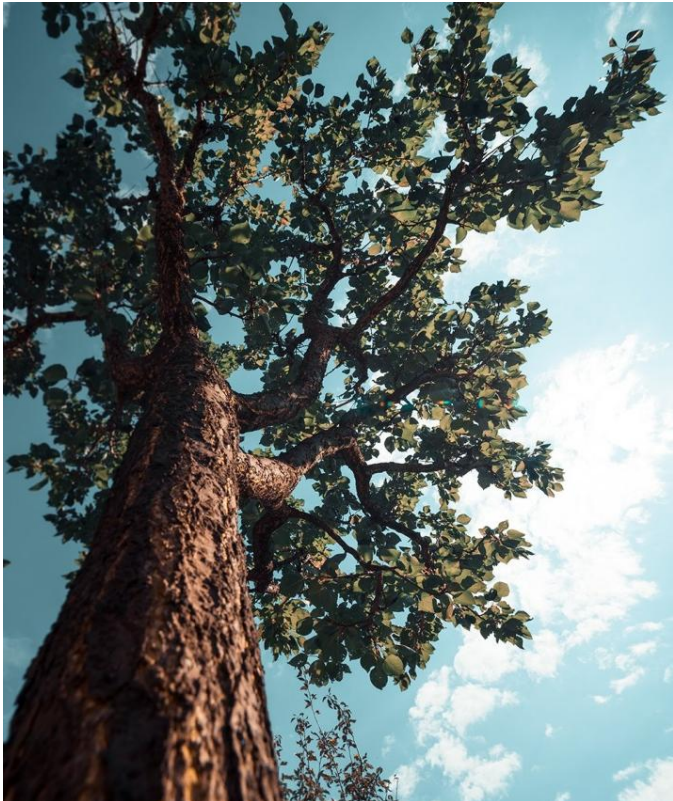


- If bioenergy policies were incorporated in the FRLs, associated emissions **would disappear** from EU accounting
- This would invalidate the zero-rating of biomass in the energy sector

"The proposal interferes into national competence for forest policies"

- Forest Reference Levels are established **at a national level**, based on:
 - age-class structure of forests
 - national forest characteristics
 - sustainable management practices
- The Commission may – in the case where a non-standardised methodology is applied – re-compute them **to ensure comparability** with other Member States and correct accounting of the sink in forests.
- Any re-computation would be carried out on the advice of an expert group review, which includes **experts from Member States**
- The proposal respects MS sovereign rights to manage their forests in a sustainable manner and to accomplish their national climate targets

"The proposal will limit production from 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**
- It incentivises national policies for the sustainable management of forests

Forest owner

- **Individual forest 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

"The proposal does not (sufficiently) acknowledge the limited mitigation potential of agriculture"

- We recognize the more limited mitigation potential of agriculture under the Effort Sharing Regulation (ESR)
- LULUCF credits for flexibility: **relative share of agricultural emissions** within the ESR.
- Need to maintain good incentives for mitigation action under the ESR
- **280 Mt Co₂eq** = correct balance of incentives for agriculture under the ESR as well as for the land-use sector.



*A higher level of flexibility would **seriously reduce the incentives** for mitigation action under the ESR.*

We need strong incentives under the ESR to realize the potentials for energy efficiency and renewables in building and transport.

Conclusion

- LULUCF proposal = an accounting framework to incentivise **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 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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