



European Economic and Social Committee

NAT/554

**Land use, land use change and
forestry (LULUCF)**

Brussels, 19 September 2012

OPINION

of the

European Economic and Social Committee

on the

Proposal for a Decision of the European Parliament and of the Council on accounting rules and action plans on greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry

COM(2012) 93 final – 2012/0042 (COD)

and on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions:

Accounting for land use, land use change and forestry (LULUCF)

in the Union's climate change commitments

COM(2012) 94 final

Rapporteur: **Ludvik Jírovec**

On 12, 15 and 26 March 2012, the European Commission, the European Parliament and the Council respectively decided to consult the European Economic and Social Committee, under Articles 192(1) and 304 of the Treaty on the Functioning of the European Union (TFEU), on the:

Proposal for a Decision of the European Parliament and of the Council on accounting rules and action plans on greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry

COM(2012) 93 final – 2012/0042 (COD) and the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Accounting for land use, land use change and forestry (LULUCF) in the Union's climate change commitments

COM(2012) 94 final.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 29 August 2012.

At its 483rd plenary session, held on 18 and 19 September 2012 (meeting of 19 September), the European Economic and Social Committee adopted the following opinion by 185 votes to one with 4 abstentions.

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1. **Conclusions and recommendations**

1.1 The Committee welcomes the Commission's proposal. In the Committee's view, this is an ambitious proposal that reacts to the need for a more rigorous accounting system that aims to incorporate the recommendations of international agreements into EU legislation. When preparing and drawing up legislation, the Commission should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament, the Council and civil society. The Commission should conduct appropriate consultations, including with experts, in relation to the updating of definitions in the light of changes adopted by the United Nations Framework Convention on Climate Change (UNFCCC) or Kyoto Protocol bodies or definitions adopted on the basis of other multilateral agreements. It is very important to ensure the compatibility of the proposal with decisions taken in the UNFCCC context.

1.2 Bearing in mind that a universal legal agreement on climate change is to be negotiated by 2015 that would be effective – according to plans so far – by 2020, the EU should now be

focusing on developing fair and climate-effective models which encourage climate change mitigation, in order to support the negotiations for a global agreement. LULUCF plays an important role in this and so it is important to have common rules for calculating both emissions and emission sinks.

- 1.3 The Committee thinks that a holistic assessment is needed that is geared towards reducing greenhouse gas emissions in agriculture, considering all greenhouse gas fluxes (emissions as well as removals) from cropland and grazing land, together with agricultural and livestock activities. By contrast, reporting and accounting for greenhouse gas emissions from agriculture and livestock activities are already mandatory under the Kyoto Protocol, and they are also covered by the emission limits of the "Effort Sharing Decision"¹.
- 1.4 The Committee has concluded that this complex issue needs to be explored in more depth and taking account of the wider context of EU climate change policy and the EU's energy needs. The Committee proposes increasing the visibility of mitigation efforts in agriculture, forestry and related industries, providing a basis for designing appropriate policy incentives e.g. in the Common Agricultural Policy, and levelling the playing field between Member States.
- 1.5 The Commission should direct its attention to all possible policies, not just those related to the environment and the natural world, and should seek synergy effects by linking these policies.
- 1.6 The forestry sector is not considered holistically, nor is its multifunctional role, namely as a producer of biomass for renewable energy, taken into account. The EESC welcomes the EU proposal to include harvested wood products (HWP) in the accounting rules. Taking into account the carbon stock in these products enhances the role of wood and wood products in the evaluation and assessment of climate impact.
- 1.7 The EESC welcomes the creation of national action plans because they can embody extremely well the "visibility" of potential measures called for in point 1.4. However, three basic principles must be followed:
 - 1) The action plans must at all costs be flanked by other policy measures, or combined with existing ones, so that framework conditions can be created that enable landowners and land managers to implement effective LULUCF measures in a way that makes economic sense and not only at their own cost. For just as now nature protection measures often cost money and provide no profit (i.e. are economically unattractive), so too climate protection measures (such as the preservation of wetlands rich in organic material) are also often economically unattractive. One of the frameworks that the EU should set up must provide incentives and encourage EU producers to achieve the goals set, just as the emissions trading system – which the EU specifically does not want to include the LULUCF sector – aims to do.

¹ Decision No 406/2009/EC.

- 2) The action plans and the monitoring and reporting procedures must be designed such that they can be implemented with minimal red tape both for landowners and land managers and for authorities.
 - 3) All rules and measures laid down by the EU must be clearly in line with the subsidiarity principle.
- 1.8 The Committee considers it important to stimulate the climate change mitigation potential of the LULUCF sector and increase the visibility of the mitigation efforts of farmers. This sector should not be assessed in isolation, but in an integrated way and making use of synergies with existing policies at EU and national level. The Committee stresses the need to avoid creating any unnecessary administrative burden or duplication of work and to take due account of national circumstances and competencies at each level. The active management and utilisation of the EU's forests, as well as increased use of renewable and sustainable raw material wood as cost-efficient climate change mitigation tools, should be starting points for the EU's climate policy.
- 1.9 The Committee welcomes the EU's endeavour to go beyond the Copenhagen, Cancun and Durban agreements and the offer to adopt a 30% reduction target if certain conditions are met; at the same time, however, it calls for great sensitivity to the current economic situation in the EU. The EU must also bring pressure to bear on other parties to the UNFCCC to take similar steps in order to avoid carbon leakage to areas that are even more biologically sensitive than the EU.
- 1.10 Finally, in the light of current preparations for a good CAP framework for the next financial period, it should be recognised that this proposal must be carefully linked with EU agricultural and other policies. Soil carbon has gradually been better incorporated into policy evaluations, such that climate protection and adaptation to climate change have also become a greater issue in farming and forestry. The Committee emphatically welcomes the fact that the proposal does not include any obligations on farming and forestry to cut emissions for which farmers and foresters alone would bear the cost. Improved mapping of national situations will require only moderate investment in the Member States.

2. **Political context**

- 2.1 The Commission proposal presents new elements regarding the Kyoto Protocol and the Durban outcomes².

² Conference of the Parties to the Kyoto Protocol, COP17, December 2012, United Nations Framework Convention on Climate Change.

- 2.1.1 The current situation is such that while emissions and removals of greenhouse gases resulting from the LULUCF sector do not count towards the EU's 20% greenhouse gas emission reduction target for 2020, they do in part count towards the Union's quantified emissions limits and reduction targets under Article 3(3) of the Kyoto Protocol. It is therefore necessary to establish common calculation methods in order to precisely quantify both emissions quantities and removals and incorporate these in the EU's reporting obligations.
- 2.1.2 Any legal proposal including mandatory reporting for "grassland" and "cropland" soils must be aligned with the decisions taken by the UNFCCC COP17 in Durban.
- 2.1.3 With regard to "Forest management", prior to COP-17 accounting by the Member States was not required, since the instant oxidation of all harvested biomass was assumed. The EESC welcomes the EU proposal to include harvested wood products (HWP) in the accounting rules, meaning that the carbon stock in the harvested wood products pools is used. This can enhance the role of wood and wood products in climate change mitigation.
- 2.1.4 To further develop forestry's potential to boost mitigation (as acknowledged in the proposal), longer rotation periods of trees and avoiding clear-felling (as referred to in the explanatory memorandum) and conversion of undisturbed forests are measures which cannot be broadly considered since they depend on the species and ageing of the trees under sustainable management of the forest. It must be stressed, however, that this is not at present included in the proposal for legislation.
- 2.1.5 Cork is a very important product in the group of "harvested wood products" since it presents several advantages: it is a natural product made from renewable resources following an environmentally-friendly process that does not require harvesting of the trees; the demonstrated importance of the cork industry in maintaining the ecological stability of the fragile and threatened Mediterranean ecosystem; and finally the importance of the cork industry in terms of employment and income.
- 2.2 The proposal establishes that Member States will draw up and maintain accounts that accurately reflect all emissions and removals resulting from the activities of "cropland management".
 - 2.2.1 The list of "carbon pools" includes "above-ground biomass" according to the Intergovernmental Panel on Climate Change (IPCC) guidelines for LULUCF. The problem for accounting the "above-ground biomass" on cropland derives from the distinction between "herbaceous" (accounting only the soil carbon) and "ligneous" (accounting the biomass). While acknowledging the high value of perennial crops such as olive trees, fruit trees or vineyards, it disregards the CO₂ removals by annual crops since the reference is the changes in carbon stock since 1990. The role of agricultural products such as colza (food, feed and fuel), fodder (feed and fuel) or vegetables (food) is not then taken into account since it can be

jeopardised by a change in the carbon stock. This is because the IPCC and the Kyoto Protocol regard annual crops as carbon neutral.

- 2.2.2 In agricultural sectors where the potential increase in removals is not, significant – for example the use of harvested wood products – the accounting for agricultural soils may in some cases be a problem and have a negative impact. The inclusion of both emissions and storage of carbon must be clearly defined.
- 2.2.3 In certain areas with climate-related handicaps where rain-fed agriculture ensures farmers' livelihoods and supports the rural population, or where some perennial crops are at risk due to low profitability (e.g. olive trees in southern Europe), the risk of the zero potential increase may also contribute to land abandonment and lack of interest in keeping this land in production. Annex IV of the Commission proposal establishes measures that may be included in the action plans proposed by the Commission. Overlapping with measures already being carried out under the CAP's second pillar as "agri-environment measures" must be prevented by making these quantifiable.
- 2.2.4 The EESC welcomes the creation of national action plans because they can embody extremely well the "visibility" of potential measures called for in point 1.4. However, three basic principles must be followed:
- 1) The action plans must at all costs be flanked by other policy measures, or combined with existing ones, so that framework conditions can be created that enable landowners and land managers to implement effective LULUCF measures in a way that makes economic sense and not only at their own cost. For just as now nature protection measures often cost money and provide no profit (i.e. are economically unattractive), so too climate protection measures (such as the preservation of wetlands rich in organic material) are also often economically unattractive. One of the frameworks that the EU should set up must provide incentives and encourage EU producers to achieve the goals set, just as the emissions trading system – which the EU specifically does not want to include the LULUCF sector – aims to do.
 - 2) The action plans and the monitoring and reporting procedures must be designed such that they can be implemented with minimal red tape both for landowners and land managers and for authorities.
 - 3) All rules and measures laid down by the EU must be clearly in line with the subsidiarity principle.

3. **General observations**

- 3.1 The European Commission proposal intends to introduce a more rigorous accounting system that incorporates the recommendations of international agreements into EU law. The proposal

reflects key elements of the revised LULUCF accounting rules, which were agreed in Durban in December 2011 and which will apply from the beginning of a second commitment period under the Kyoto Protocol. However, some of its provisions differ from the decisions taken in Durban, such as the proposed mandatory accounting for cropland management and grazing land management and concerning the accounting rules for natural disturbances.

- 3.2 A proposal for new mandatory accounting of all emissions and removals resulting from "cropland management" and "grazing land management" activities will mean more administration at the national level and will require strenuous efforts from the Commission in monitoring in the Member States. The accounting rules adopted in this proposal and the reference levels will be of crucial importance for the operation of this decision. The Committee fears a possible duplication of Member State obligations laid down in the (UNFCCC), on the one hand, and in EU legislation, on the other.
- 3.3 EU forests provide crucial socio-economic benefits as well as essential ecosystem services and enhance the capacity to cope with and adapt to climate change, removing 10% of all EU CO₂ emissions annually. Forests supply a wide variety of sustainable and smart bio-based products and wood represents half of the EU's renewable energy. The Committee stresses the multifunctional role of forests in society and calls on the Commission to take a holistic approach to them that embraces the aspects of both climate and the sustainable forest management practised in the EU. Forests are much more than carbon reservoirs and this should be acknowledged in climate-related policies.

4. **Remarks**

- 4.1 The EESC wishes to highlight the fact that agriculture and forestry have the potential to mitigate climate change. However, this potential is limited by natural conditions and disturbances, saturation risk, complex fluxes, insufficient capacity for emissions monitoring and considerable uncertainties relating to accounting methods.
- 4.2 The Committee acknowledges the results of the impact assessment carried out by the JRC and respects its opinion on feasibility. However, science-based knowledge and monitoring methods need to be refined in order to increase confidence in greenhouse gas emissions inventories linked to forestry and agricultural soils. Both their accuracy and consistency need to be improved and it is important to examine mitigation options from a holistic point of view using an integrated approach. In this connection, the Committee highlights the experience of some countries, such as Denmark and Portugal, whose reporting on agriculture is fully in line with the UNFCCC. The Committee thinks it essential to point out the complexity of measuring emissions in the LULUCF sector and does not share the unequivocal conviction that this area should be included in the European Union's reduction targets.
- 4.3 The Commission's proposal does not provide for the inclusion of the LULUCF sector in the EU's climate commitments at this stage, but is presented as a first step towards this by

establishing the appropriate policy context. The Committee regrets that the proposal has not been expanded to include reference to the combined effects derived from forestry and agriculture of substituting fossil fuels and non-renewable materials with biofuels and biomass. This should happen in subsequent stages, which should also cover LULUCF-related bioeconomy and energy processes. This sector should not be assessed in isolation, but in an integrated way and by making use of synergies with existing policies at EU and national level. The Member States are themselves best suited to decide on appropriate measures.

Brussels, 19 September 2012

The President
of the
European Economic and Social Committee

Staffan Nilsson
