Land use, land use change and forestry - review of EU rules

Introduction

The European Green Deal, adopted by the Commission in December 2019, has tackling climate change and reaching the objectives of the Paris agreement and other environmental issues at its core. One of its central elements is the 2050 climate neutrality objective, which the Commission proposed in 2018 and the European Council and Parliament endorsed (see European Council conclusions of 12 December 2019; Eur opean Parliament resolution of 14 March 2019; European Parliament resolution of 28 November 2019).

The Commission <u>has proposed</u> to enshrine climate neutrality into EU law. In order to set the EU on a sustainable path to achieve climate neutrality by 2050, the Commission has also proposed an EU-wide, economy-wide net greenhouse gas (GHG) emissions reduction target by 2030 compared to 1990 of at least 55% in its Communication on stepping up Europe's 2030 climate ambition.

Building on the 'Communication on stepping up the Europe's 2030 climate ambition', and on the existing 2030 legislation, the Commission will review and propose to revise, where necessary, the key relevant legislation by June 2021. This will include a coherent set of changes to the existing 2030 climate, energy and transport framework, notably related to: the EU Emissions Trading System (ETS) Directive, the Effort Sharing Regulation (ESR), the Land Use, Land Use Change and Forestry Regulation (LULUCF), CO₂ Emissions Performance Standards for Cars and Vans, the Renewable Energy Directive and the Energy Efficiency Directive.

This consultation focuses on the revision of the Land Use, Land Use Change and Forestry Regulation, which covers the GHG emissions (carbon dioxide (CO_2) , methane (CH_4) and nitrous oxide (N_2O)) and CO_2 removals caused by the way we manage our land and forests. The Regulation sets out rules to ensure that only human-induced emissions and removals are taken into account in the achievement of climate targets (so-called 'accounting rules'). The consultation will ask views on: the wide set of policy options that can be envisaged to drive mitigation action in the LULUCF sector; the ways to set more ambitious rules for the LULUCF sector; the policy linkages between the LULUCF sector and the agricultural sector.

This public consultation invites citizens and organisations to contribute to the assessment of how to translate the increased EU 2030 emission reduction ambition into upgraded LULUCF rules. The results of the consultation (which will be summarised and published) will inform the Impact Assessment, accompanying the Commission proposal for revising the LULUCF Regulation. There are (or shortly will be) additional parallel public consultations on the review of the Effort Sharing Regulation, the EU ETS Directive and the CO₂ standards for cars and vans regulation.

Guidance on the questionnaire

This public consultation consists of some introductory questions related to your profile, followed by a questionnaire. Please note that you are not obliged to respond to all questions in the questionnaire.

The Commission already held an open public consultation on increasing the 2030 climate ambition, which was open for 12 weeks from 31 March to 23 June 2020. Many high-level questions related to the increased climate ambition were asked in the context of that consultation. The present questionnaire therefore focuses on more specialised and detailed questions on the design of the LULUCF Regulation required to best achieve the revised target.

At the end of the questionnaire, you are invited to provide any additional comments and to upload additional information, position papers or policy briefs that express the position or views of yourself or your organisation.

The results of the questionnaire as well as the uploaded position papers and policy briefs will be published online. Please read the specific privacy statement attached to this consultation informing on how personal data and contributions will be dealt with.

In the interest of transparency, if you are replying on behalf of an organisation, please register with the register of interest representatives if you have not already done so. Registering commits you to complying with a Code of Conduct. If you do not wish to register, your contribution will be treated and published together with those received from individuals.

Part I: Mobilising the mitigation and business potential of the land sector and the bio-economy

The sector called Land Use, Land Use Change and Forestry (LULUCF) is important to reach the 2050 climate neutrality target because it can act as a carbon sink (i.e. it can sequester carbon from the atmosphere) and as a carbon storage (i.e. it can potentially store carbon for a long time). It can also contribute to preserving biodiversity, adapting to climate change (by providing ecosystems services that protect against floods and desertification) and avoiding emissions in other sectors (by providing bio-based materials that replace fossil-based ones, e.g. in the construction sector). These land functions are interconnected in a complex system that presents both synergies and trade-offs. Striking a good balance between these functions is important for a thriving bio-economy (i.e. the set of ecosystem services and economic sectors that rely on the land system, such as the primary production sectors and sectors that use and process bio-based materials).

In the European Union, the LULUCF sector sequesters more carbon than it loses to the atmosphere (i.e. it is a net sink). However, the net sink has been steadily decreasing since 2008, and, according to Member States' projections in the National Energy and Climate Plans, this negative trend is set to continue in the next decade. Therefore, we need to **reverse this trend**, while striking the right balance between all land functions, in order to achieve the increased EU climate ambition (at least -55% of net emissions below 1990 levels by 2030 and climate neutrality by 2050).

Among the following drivers behind the decline of the land-based net carbon sink, which are the most important in your view

Please rate from 5 (most important) to 1 (least important). Not all need to be rated.

	1	2	3	4	5
Natural disturbances (weather events, fires, pest outbreaks…) that are caused or accelerated by climate change	0	0	0	0	x
Unsustainable land management practices impacting carbon stocks and sinks	0	0	x	0	0
Increase in wood harvests	Х	0	0	0	0
Slowdown in forest growth due to their age	0	0	0	Х	0
Slowdown in afforestation and reforestation activities	0	0	0	Х	0
Conversion of carbon-rich land (deforestation, draining of wetland or peatland), land take and soil sealing (expansion of built-up and artificial areas	0	0	х	0	0
Use of biomass for bio-energy instead of long-lived products	Х	0	0	0	0
Other	0	0	0	0	0

Among these potential EU policy approaches to promote climate change mitigation in land-related sectors, which do you think are the most relevant to achieve a higher climate ambition in 2030?

Please rate from 5 (most important) to 1 (least important). Not all need to be rated.

	1	2	3	4	5
EU sets national targets which Member States can achieve in different ways (e.g. Common Agricultural Policy, national forest policies, other national policies)	0	x	0	0	0
An improved EU framework on monitoring, reporting and verifying emissions and removals	0	0	0	x	0
Reinforce the creation of relevant EU datasets (e.g. dedicated Copernicus service)	0	0	0	х	0
EU labels for climate-neutral products or climate footprints	Х	0	0	0	0
EU taxes or subsidies	0	0	Х	0	0
EU market-based policies (e.g. the use of emissions trading for land- related sectors)	0	х	0	0	0
EU policies to promote more sustainable and healthier diets	Х	0	0	0	0
Other…	0	0	0	0	Х

Please specify other:

Supporting research and innovation in this area is essential for successful EU policies. Increased national reporting is of minor importance compared to the value of more action.

An important function of the land is to supply bio-based and renewable materials (wood, ligno-cellulosic products, bio-plastics, bio-chemicals, etc···) that can substitute fossil-based and non-renewable materials. In addition, the LULUCF rules recognise long-lived wood products (e.g. those used in the construction sector) as a form of temporary carbon storage. What is the best policy approach to harness this substitution effect and carbon storage potential?

Multiple answers are possible.

- Promote carbon storage in wood products via a modification of the LULUCF rules
- Promote carbon storage in wood products via carbon farming approaches (e. g. using wood products in the construction sector leads to issuing carbon credits that can be sold on voluntary carbon markets)

Promote carbon storage in wood products via tax incentives or
financial support
Support for research and innovation into more sustainable
production of woody biomass and more sustainable use of wood-
based materials, products and by-products
Training (e.g. for land managers, engineers, architects) and
awareness raising
Other

Please specify other:

KSLA believes that it is more efficient to add taxes and fees on the use of fossil carbon including an international carbon dioxide tax, rather than promoting storage in wood products with economic incentives (e.g. taxes or carbon credits). KSLA is committed to the goal of reducing fossil carbon in the atmosphere, and KSLA thinks it is both wiser and safer to address the issue of fossil carbon emissions.

In which areas should the EU focus efforts to enhance carbon sinks and protect carbon stocks?

Please rate from 5 (most important) to 1 (least important). Not all need to be rated.

	1	2	3	4	5
Afforestation, reforestation, forest restoration	0	0	Х	0	0
Agro-ecology and agro-forestry	0	0	0	Х	0
Bioenergy coupled with carbon capture and storage (BECCS)	0	0	0	Х	0
Soil carbon increase in agricultural lands	0	0	0	Х	0
Protection and restoration of wetland and peatland ecosystems	0	Х	0	0	0
Grassland management	0	0	0	0	Х
Carbon storage in long-lived wood-based materials and products	0	0	Х	0	0
Other	0	0	0	0	0

How should more ambitious climate action in land-related sectors be financed?

Please rate from 5 (most important) to 1 (least important). Not all need to be rated.

	1	2	3	4	5
Subsidies (e.g. Common Agricultural Policy or national policies)	0	0	0	Х	0
Higher product prices (e.g. via label mechanisms that allow producers to set a higher price)	х	0	0	0	0
A dedicated EU or national fund	0	0	0	Х	0
Revenues from selling land-based carbon credits	Х	0	0	0	0
Other	0	0	0	0	0

Part II: Overall policy approach

Which is your preferred policy approach to revise the LULUCF Regulation in view of the increased 2030 climate ambition?

Multiple answers are possible.

Strengthen the current LULUCF Regulation and increase its ambition in
line with the 2030 Climate Target Plan.
Strengthen the flexibility with the Effort Sharing Regulation.

Combine the emissions from agriculture and LULUCF sectors into a single climate policy pillar with a separate target.

_	Other

Please specify other:

An EU system must differentiate between the green sector and fossil sectors. The green sector should not be integrated with the ESR by means of carbon credits with the EU-ETS. Such mechanisms would delay a transformation of the European circular bioeconomy in line with the EU Green Deal.

Removing agricultural emissions from the ESR and merging the sector with LULUCF has the advantage that it will then be easier to develop policies that have a holistic view of land use.

The LULUCF sectors' contribution to mitigating climate change must balance the three S's; Sequester, Store and Substitute. Setting a sink-only target would limit the possibilities for optimizing the benefits of the three S, both at EU level and for each MS. Instead, KSLA advocates calculating and accounting the forest's climate benefits in a way that reports and accounts for the total climate benefit instead of relating to a reference level. LULUCF credits should not be used to compensate emissions in other sectors.

Part III: Setting more ambitious rules for the Land Use, Land Use Change and Forestry sector

The land use, land use change and forestry (LULUCF) Regulation sets out rules to ensure that only human- induced changes in the net carbon sink are taken into account in the achievement of climate targets (so- called 'accounting rules'). For instance, the rule for existing forests (which are by far the largest component of the LULUCF sector) is to only take into account changes in the net carbon sink with respect to the sink that would have occurred under the continuation of past management practices; this baseline is called a Forest Reference Level.

If, after the application of these rules, the net sink is larger than in the accounting baseline, Member States generate **credits** which can be used to achieve national emission reduction targets under the Effort Sharing Regulation (ESR); if, instead, it is smaller, Member States generate **debits**. Member States have committed, under the current legislation, to not creating any debits ("**no-debit rule**") - if they do, the other ESR sectors must make a bigger climate effort to compensate for these debits and achieve the national climate targets.

This approach is now being reviewed to make it fit for the higher 2030 climate target of at least -55% and a climate neutral EU in 2050.

In your opinion, should there be more stringent targets for the LULUCF sector?

- Yes, there should be more stringent targets than the current "no-debit" rule
- No, continue with the current no-debit rule
 - Other...

In case there would be national targets for the LULUCF sector, what criterion should these targets be based on?

- The Member State's wealth (GDP per capita)
- The Member State's potential to increase the net sink in a cost-efficient
- way A percentage increase compared to the Member State's past net sink
- A percentage increase compared to the Member State's net sink in a baseline that is specific to each land use category (historic baseline for agricultural land, the Forest Reference Level for existing forests)
- The Member State's share of agricultural land, forest land and wetland
- Other...

Please specify:

Chapter 9 in the IPCC's fourth assessment report covers forestry. "In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit. Most mitigation activities require up-front investment with benefits and co-benefits typically accruing for many years to decades".

National sink-targets risk leading to policies aimed at reducing harvesting. In the short term, this would lead to increased removals in the accountings, but it would not optimise the mitigation potential from the forest sector. In the long run, such targets would lead to reduced growth (reduced removals), reduce the possibilities to maintain and enhance sinks and reservoirs, reduce substitution and increase the risk that more of the demand for forest products would be met by imports.

In the current LULUCF Regulation, emissions and removals from existing forests are compared to a Forest Reference Level. The concept of reference levels was chosen to ensure a smooth transition from a similar concept under the Kyoto Protocol. Should the EU continue with the reference level concept?

- Yes, continue to compare the net sink from existing forests to a Forest Reference Level which is based on the continuation of past management practices
- Yes, continue to use Forest Reference Levels, but harmonise the methodology to establish them across Member States
- No, compare the net sink in existing forests to a historic baseline ("net-net" accounting); such a baseline corresponds to a larger sink than the Forest Reference Level.
- No, take into account the entire net sink in existing forests, without comparing it to any baseline ("gross-net" accounting)
- Other...

Please specify:

Since the current accounting model, using a Forest Reference Level, is based on the continuation of past management practices this will create problems. Management methods and forest policy is changing over time and in different ways in the different member countries.

Today's accounting has a several drawbacks since the substitution effects are not accounted for in the calculation. A new model where this is included would be a step forward.

Accounting should preferably be based on a calculation of future sustainable forest yields, such as the Swedish SKA15, and a "gross net" accounting. This methodology could be developed in all member states.

The calculation should only include production forests, and not protected areas where harvest is

not allowed.

EU should consider the concept of "reference level with band", where only emissions or removals exceeding the band are accounted for.

Among these options to reinforce the LULUCF monitoring, reporting and verification (MRV) rules, which are your preferred ones?

fulliple allswers are possible.
Use more precise emission factors or emission modelling (i.e. tier 2 or
tier 3) Use high resolution and wall-to-wall satellite imagery to identif
where land use change happens
Make the uptake of up-to-date data and advanced reporting
methodologies a precondition for flexibilities with other sectors
Introduce new requirements to report estimates for all carbon pools
and greenhouse gases
Reinforce biodiversity, ecosystem and adaptation considerations into
the reporting requirements
Other

Please specify other:

National Forest Inventories based on well-established sampling procedures with ground-based measurements are the best methodology to monitor changes in forests and soils.

Part IV: Links between land use and agriculture

EU climate policy covers emissions from agricultural land use under the LULUCF Regulation, and methane and nitrous oxide emissions from agricultural activities under the Effort Sharing Regulation. There is some flexibility between these two Regulations: if a Member State generates LULUCF credits, they can use them to achieve their Effort Sharing target.

The Commission estimates that the agriculture, forestry and other land use sectors, taken together (referred to as "AFOLU" in the technical jargon, and as "the land sector" in the following), could achieve climate neutrality already in 2035. The de facto very close link between agriculture activities and land use is sometimes used as an argument for integrating them more strongly in the climate policy architecture.

Conversely, other stakeholders may consider that it is necessary to maintain a separation between emissions from agriculture and removals from the land sector.

How should the architecture of EU climate policy be designed when it comes to agriculture and land use?

- Continue to include agricultural non-CO₂ emissions under the Effort Sharing Regulation; continue to allow for the use of LULUCF credits in the Effort Sharing Regulation up to the current limit.
- Continue to include agricultural non-CO₂ emissions under the Effort Sharing Regulation; increase the possibility to use LULUCF credits in the Effort Sharing Regulation, independent of a change to Effort Sharing Regulation target levels.
- Continue to include non-CO₂ agricultural emissions under the Effort Sharing Regulation; increase the possibility to use LULUCF credits in the Effort Sharing Regulation, but only in case Effort Sharing Regulation targets are increased.
- Create a new policy strand, which covers agricultural non-CO₂ and land use emissions together.

Other...

Please specify:

Carbon sequestration in the current LULUCF calculations is mainly assigned to forest, while other ecosystems, i.e. natural grasslands, heathlands, agriculture- and wetlands, are predicted to have either no sequestration or losses. All green biomass sequesters carbon. While forests store most of their carbon aboveground, grasslands and shrub lands store carbon mostly belowground in form of SOC (A). To estimate total sequestration and emissions from terrestrial ecosystems, carbon balance from all ecosystems (SOC down to 1 m) must be estimated (B). This requires more research focusing on the carbon balance of ecosystems other than forests (C). Furthermore, other climate change forcing and feedbacks than carbon, i.e. bio-physiological factors like surface energy fluxes and hydrology of different ecosystems have to be considered (D). Actions for combating climate change must be considered in relation to other ecosystem properties like biodiversity and long-term life cycle analysis.

In case there were to be a single policy strand covering emissions from the land sector (agriculture, forestry and other land use), should there then be a specific target for this sector?

- Yes, there should be an EU-wide target, and then Member States should be required to 'pledge' their contribution to this target
- Yes, there should be legally-binding national targets
- No
- Other

In case there were to be national targets for the land sector (agriculture, forestry and other land use), what criterion should these targets be based on?

- The importance of land-related activities in the Member State's
- economy The Member State's potential to achieve climate neutrality in the EU land sector in a cost-efficient way
- A percentage increase compared to the Member State's past emissions and removals from the land sector
- The Member State's share of agricultural land, forest land and wetland
- Other...

Please specify:

KSLA does not support national targets for the land use sector because the climate benefit created is cross-sectoral. For example, bioenergy can be used within the EU-ETS and biofuels within the ESR to phase out fossil energy. The use of wood and other bio-based products can be used to replace more greenhouse gas-intensive processes and materials. To a large extent, this is done through trade between countries. National targets for carbon sinks can thus both reduce the pace of change in other sectors and have a negative impact on intra-Union trade.

Additional feedback

Should you wish to provide additional information (for example a position paper) or raise specific points not covered by the questionnaire, you can upload your additional document here.

Please note that the uploaded document will be published alongside your response to the questionnaire which is the essential input to this public consultation. The document is an optional complement and serves as additional background reading to better understand your position.

Please upload your file

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