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Land use in the EU 2030 climate and energy framework

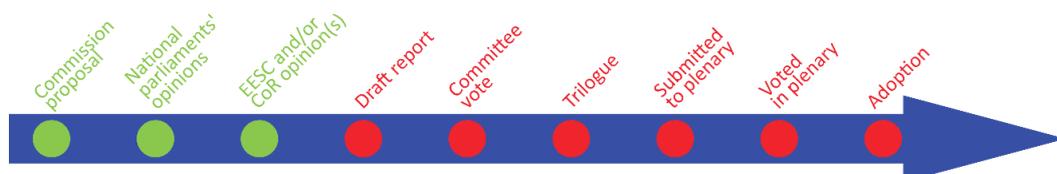
On 20 July 2016, the European Commission proposed a regulation regarding the inclusion of greenhouse gas (GHG) emissions and removals from land use and forestry in the EU 2030 climate and energy framework. This would be the first time that the land-use sector is formally included in EU climate policy. The proposed regulation would require Member States to balance emissions and removals from the land-use sector over two five-year periods between 2021 and 2030. It sets out accounting rules and allows for certain flexibilities.

The proposed regulation is part of the EU's efforts to reduce its GHG emissions by 40% below 1990 levels by 2030. This target was set by the European Council in October 2014, and is also the EU's international commitment under the Paris Agreement on climate change.

Proposal for a Regulation of the European Parliament and of the Council on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change

COM(2016) 479, 20.07.2016, 2016/0230 (COD), Ordinary legislative procedure (COD, Parliament and Council on equal footing – formerly 'co-decision')

Committee responsible:	Environment, Public Health and Food Safety (ENVI)
Rapporteur:	Norbert Lins (EPP, Germany)
Shadow rapporteurs:	Paul Brannen (S&D, United Kingdom) Jadwiga Wiśniewska (ECR, Poland) Nils Torvalds (ALDE, Finland) Luke Ming Flanagan (GUE/NGL, Ireland) Benedek Jávor (Greens/EFA, Hungary)
Next steps expected:	Consideration in ENVI Committee



26 January 2017
Second edition
The 'EU Legislation in Progress' briefings are updated at key stages throughout the legislative procedure. Please note this document has been designed for on-line viewing.

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Introduction

On 20 July 2016, the European Commission presented a legislative proposal concerning GHG emissions and removals from land use, land-use change and forestry¹ (LULUCF), along with a proposal for an [Effort Sharing Regulation](#) (ESR) aimed at GHG emission reductions in the sectors not covered by the EU emissions trading system, a [communication](#) on accelerating Europe's transition to a low-carbon economy and a [European strategy for low-emission mobility](#).

The proposals are part of a series of legislative initiatives to enact the EU's climate and energy policy for the period after 2020, based on the targets agreed by the European Council in 2014 and the EU's international commitments under the Paris Agreement on climate change.

The land-use sector (managed cropland, forestry etc.) can be responsible for GHG emissions (for example from deforestation or draining of wetlands) as well as removals of GHG from the atmosphere (notably CO₂ which is absorbed by plant growth and agricultural soil management). Harvested wood products can be a store of carbon (for example when used as building materials), but can also cause GHG emissions (for example when burned as biomass for energy).

Context

In 2012, the LULUCF sector accounted for a net removal of about 303 million tonnes CO₂e in the whole EU,² equivalent to about 9% of emissions from the other sectors. Removals were dominated by CO₂ absorbed by existing and new forests. Emissions from the LULUCF sector resulted from land-use change, especially from forests to other land uses, and from cropland.

The proposed regulation is part of EU climate policies and the EU Energy Union strategy. These aim to reduce the EU's GHG emissions and contribute to the transformation towards a low-carbon economy.

The LULUCF sector can contribute to meeting EU targets for reducing its greenhouse gas emissions. The long-term objective for 2050, agreed by the European Council in 2009, is an 80%-95% reduction in GHG emissions compared to 1990. In the short to medium term, the EU aims to reduce GHG emissions by 20% by 2020, and by 40% by 2030.

The 20% target for 2020 is to be achieved by a 21% reduction in GHG emissions in the sectors covered by the EU emissions trading system (ETS) (compared to 2005) and by a 10% reduction in the non-ETS sector (compared to 2005). The ETS sector comprises energy industries, large industrial installations and aviation. The non-ETS sector includes transport, buildings, agriculture, small industry and waste. These targets are complemented by a 20% target for the share of renewable energy in total final EU energy consumption and

1 Land use, land-use change and forestry (LULUCF) is a category within the UNFCCC accounting framework for GHG emissions. It includes the carbon pools of living biomass (above and below ground), dead organic matter (dead wood and litter) and organic soil carbon. Emissions from land-use change (such as permanent pasture to arable) and deforestation are also reported under this category.

2 CO₂-equivalent (CO₂e) – the amount of greenhouse gas emissions that makes the same contribution to global warming over a 100-year timescale as the emission of a tonne of carbon dioxide (CO₂).

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a 20% target for energy efficiency (energy consumption compared to business-as-usual projections), both to be achieved by 2020. EU climate legislation includes the [ETS](#) (recently reformed with the introduction of a future [market stability reserve](#)), [ecodesign and energy labelling](#), the [Renewable Energy Directive](#), the [Energy Efficiency Directive](#), the [Fuel Quality Directive](#), CO₂ limits for [cars](#) and [vans](#), and legislation on [fluorinated gases](#).

The EU participates in international efforts to reduce GHG emissions under the UN Framework Convention on Climate Change (UNFCCC). The Kyoto Protocol to the UNFCCC commits developed nations to GHG emissions reductions, in the period up to 2020. In December 2015, the Parties to the UNFCCC adopted the [Paris Agreement](#), a legally binding climate agreement that applies to all countries and aims to limit global warming to well below 2 degrees Celsius, and make efforts to stay below 1.5 degrees. Within the UNFCCC framework, the [REDD+ initiative](#) provides instruments for combatting deforestation and forest degradation in the tropics.

In October 2014, the European Council decided the EU climate and energy targets for the period up to 2030, notably an at least 40% reduction in emissions of greenhouse gases, compared to 1990 levels. This target also serves as the EU's [international commitment](#) under the Paris Agreement on climate change. It is to be achieved by reducing GHG emission in the ETS sector by 43% below 2005 levels, and emissions in the non-ETS sector by 30% below 2005 levels.

The Energy Union strategy, adopted by the Commission in February 2015 and endorsed by the European Council, sets a holistic framework for the achievement of the targets, while also ensuring that energy supplies are secure and affordable.

The EU is currently in the process of reviewing and updating most of its climate-related legislation to bring it into line with the 2030 targets. The process started in July 2015 with a proposal for [reforming the EU ETS](#), aiming at a 43% reduction in emissions of greenhouse gases in the ETS sector, compared to 2005 levels. The ETS sector accounts for some 45% of GHG emissions in the EU. In July 2016, the European Commission presented a proposal for a regulation (Effort Sharing Regulation) to limit national emissions of greenhouse gases (GHG) for the 2021-2030 period in sectors not covered by the EU emissions trading system (ETS). New legislation on [energy efficiency labelling](#) was proposed in July 2015. Moreover, the Commission published an [EU heating and cooling strategy](#) in February 2016, and a legislative [package](#) entitled 'clean energy for all Europeans'.

Existing situation

Up to 2020, EU Member States are committed under the [Kyoto Protocol](#) to ensure that greenhouse gas emissions from land use are compensated by equivalent removals of CO₂ made possible by additional action (such as planting new trees) in the sector (the 'no-debit rule'). There are no formal commitments for the period after expiry of the Kyoto Protocol.

[Decision No 529/2013/EU](#) of the European Parliament and Council lays down accounting rules for greenhouse gas emissions and removals resulting from land use, land-use change and forestry.



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Proposal

Parliament's starting position

The EP [resolution of 5 February 2014](#) on a 2030 framework for climate and energy policies stresses the potential of forest management to increase the removal of CO₂ in a cost-effective way.

The [EP resolution of 28 April 2015 on a new EU forest strategy](#) stresses that the use of timber and other wood products as well as sustainable forest management have an important role in climate mitigation and adaptation. It notes the potential of sustainable forest management to maximise the potential of EU forests to remove CO₂ while warning that forests should not be considered only as carbon sinks.

The European Parliament has been strongly in favour of taking into account the climate impacts from land use and indirect land-use change when designing policies for renewable energy sources ([biofuels](#) and [biomass for electricity and heating](#)).

European Council starting position

In October 2014, the European Council [agreed](#) a greenhouse gas emissions reduction target of at least 40% by 2030 compared to 1990. It asked the European Commission to establish a policy on how to include land use, land-use change and forestry in the 2030 greenhouse gas mitigation framework.

Preparation of the proposal

A [public consultation](#) held from 26 March to 18 June 2015 received 138 responses from public authorities, NGOs and trade associations as well as academics and citizens, who expressed a diversity of opinions but no clear preference. A stakeholder workshop was held in September 2015.

The [impact assessment](#) tabled together with the proposal identifies separate regulations for the non-ETS sectors and for LULUCF as the preferred policy option. This option would maximise the contributions to the achievement of the EU's 2030 targets, while limiting changes to the existing approach and thereby minimise the administrative burden.

The [initial appraisal](#) of the impact assessment carried out by the European Parliamentary Research Service concludes that the impact assessment provides a good problem description and a solid analysis of the options, based on extensive research and various models, and that the Commission's legislative proposal is coherent with the impact assessment. However, it notes that the analysis could be strengthened by a better presentation of the stakeholders' views.



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The changes the proposal would bring

The [proposed regulation](#) would establish a legal framework for GHG emissions and removals from the LULUCF sector from 2021 onwards. This sector comprises mainly forest land and agricultural land, as well as land whose use has changed to, or from, one of these uses. The scope includes the greenhouse gases, carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). The approach, which is aligned with the UNFCCC 'land-based' reporting framework, simplifies and adapts the current accounting methodology under the Kyoto Protocol.

Similar to Kyoto Protocol commitments, each Member State would have to ensure that the LULUCF sector on its territory has no net emissions, according to the accounting rules specified in the proposed regulation and taking flexibilities into account. This principle is known as the 'no debit rule' and must be respected over two five-year periods (2021-2025 and 2026-2030).

The proposed accounting rules are based on the accounting rules in Decision No 529/2013/EU. The rules exclude double-counting, in order to ensure environmental integrity. As with the proposed Effort Sharing Regulation, reporting would be annual, and compliance checks would take place every five years.³

The proposed regulation contains specific rules for afforestation and deforestation, managed cropland, managed grassland, managed wetland and managed forest land. It maintains the methodology for accounting for harvested wood products. Emissions from biomass used in energy will be accounted for, which is not the case under the existing legislation. Member States would be allowed to exclude emissions from natural disturbances (such as forest fires or pest invasions) from their accounts.

Member States would have certain flexibilities. They may accumulate net removals over the 10-year period. Excess removals may be transferred to other Member States.

In order to encourage afforestation and to account for the fact that the agricultural sector has limited potential for emissions reductions, Member States would be allowed to use removals from the LULUCF sector towards their obligations under the proposed Effort Sharing Regulation. However, this amount is limited to 280 million tonnes CO₂ at EU level over the 2021-2030 period, in order not to discourage emission reductions in the sectors falling under the proposed Effort Sharing Regulation. Member States with a larger agricultural sector would have more flexibility.

The regulation would be reviewed in 2024 and every five years thereafter, in line with the five-year review cycles established in the Paris Agreement.

The proposal would also amend the Monitoring Mechanism Regulation ([525/2013/EU](#)) in order to extend the GHG reporting requirements to the proposed new regulation. Monitoring requirements for LULUCF would be strengthened to ensure environmental integrity.

³ If a Member State's emissions in the LULUCF sector exceed the removals, its Annual Emission Allowances under the proposed Effort Sharing Regulation would be reduced accordingly (Article 9.2 of proposed ESR).



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According to the Commission, the proposed regulation would provide Member States with a framework to incentivise more climate-friendly land use, without imposing new restrictions or administrative burdens on individual actors. This would encourage 'climate-smart' agricultural practices and highlight the climate benefits of forestry and wood products.

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Views

Advisory committees

The European Economic and Social Committee (EESC) adopted its [opinion](#) (rapporteur: Tellervo Kylä-Harukka-Ruonala, Employers, Group I, Finland) on the ESR and LULUCF proposals on 14 December 2016. The EESC considers the sustainable use and active management of bio-based natural resources – including sustainable forest management and climate-smart food production – as a key element of a low-carbon transition. It calls for a holistic approach to agriculture and forestry in EU climate policy, taking into account the reduction of emissions and the sequestration of carbon, as well as the challenges of adaptation and food security. It emphasises the importance of scientifically evaluated accounting rules for land and forest management that reflect actual emissions and sequestration rates and avoid double counting. It encourages Member States to establish national forest reference levels in accordance with the projected sustainable use of forest resources and to implement ambitious bottom-up policies for the LULUCF sector, with the close involvement of civil society. It acknowledges the need for substantial financial resources.

The [Committee of the Regions](#) (rapporteur Juri Gotmans, S&D, Estonia) is in the process of preparing its opinion, which it expects to adopt in March 2017.

National parliaments

None of the 21 parliamentary chambers from 17 Member States that [scrutinised](#) the proposal raised subsidiarity concerns by the deadline on 27 October 2016.

Stakeholders' views⁴

[Copa & Cogeca](#), the European farmers' and agri-cooperatives' association, welcomed the proposed flexibilities which would enable the EU agriculture and forestry sectors to mitigate climate change in a balanced way, without putting food security at risk. The [Confederation of European Forest Owners](#) points out the importance of forests in balancing GHG emissions with removals in the second half of this century, as required by the Paris Agreement. It calls for sustainable active forest management and enhanced use of wood to be promoted. The [European State Forest Association](#) supports the integration of forestry in the 2030 climate policy framework, but insists that the special features of forests and their management must be taken into account, and that the services provided by forest owners and managers must be properly recognised and valued.

The NGO [BirdLife International](#) considers that the proposal incentivises afforestation without any environmental safeguards, for example through non-native monoculture plantations that have a negative impact on biodiversity. [Fern](#), an environmental NGO, is concerned that the proposed flexibility between

4 This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.



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the LULUCF sector and the ESR sector could lead to increased emissions in the ESR sectors and weaken the overall ambition of EU climate policy.



Legislative process

The Commission transmitted the legislative proposal to Parliament and Council on 20 July 2016. The Environment Council discussed the ESR and LULUCF proposals on [17 October](#) and on [19 December](#) 2016, based on [notes from the presidency](#) on the state of play. Some Member States called for their specificities to be taken into account. Several Member States asked for credits from forest management to be included in the new possibility of counting credits from LULUCF towards ESR targets. Ministers acknowledged the need to find a balance between flexibility and incentives for reducing emissions. The Agriculture Council [discussed](#) the agricultural aspects of the proposals on 12 December 2016. Ministers agreed that agriculture can contribute to the fight against climate change, but stressed that the achievement of climate targets must be compatible with sustainable food production and food security.

The European Parliament Committee on Environment, Public Health and Food Safety (ENVI) appointed Norbert Lins (EPP, Germany) as rapporteur. The Committees on Industry, Research and Energy Committee (ITRE), Development (DEVE) and Agriculture and Rural Development (AGRI) are preparing opinions on the proposal. The ENVI Committee will hold a hearing on the proposal on 30 January 2017. The vote in the ENVI Committee is expected in June 2017.



References

EP supporting analysis

[Inclusion of greenhouse gas emissions and removals from land use, land use change, and forestry \(LULUCF\) into the 2030 climate and energy framework: Initial Appraisal of a European Commission Impact Assessment](#), EPRS, December 2016.

[The Paris Agreement: A new framework for global climate action](#), EPRS Briefing, January 2016

[Biomass for electricity and heating: Opportunities and challenges](#), EPRS Briefing, September 2015

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[Agriculture and LULUCF in the 2030 Framework](#), ICF Consulting, May 2016

[LULUCF contribution to the 2030 EU climate and energy policy](#), Roberto Pilli et al., Joint Research Centre, 2016

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