



# The role of forests in the EU climate policy framework

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# 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

# *"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:
<b>Increase in C stock</b>	In existing forests 	LULUCF
	In wood products 	LULUCF
<b>Substitution effects by wood</b>	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

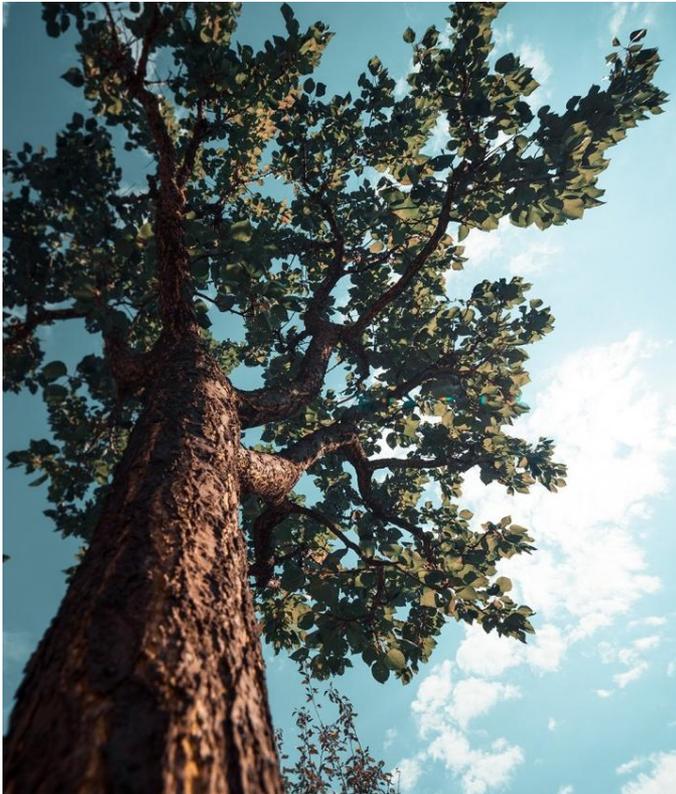


- If bioenergy policies were incorporated in the FRLs, associated emissions **would disappear** from EU accounting
- This would invalidate the zero-rating of biomass in the energy sector

# ***"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 Co<sub>2</sub>eq** = 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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