



2016/0230(COD)

23.2.2017

*****I**

DRAFT REPORT

on the 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)0479 – C8-0330/2016 – 2016/0230(COD))

Committee on the Environment, Public Health and Food Safety

Rapporteur: Norbert Lins

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the 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)0479 – C8-0330/2016 – 2016/0230(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2016)0479),
 - having regard to Article 294(2) and Article 192(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0330/2016),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 14 December 2016¹,
 - having regard to the opinion of the Committee of the Regions of XXX 2017²,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinions of the Committee on Development, the Committee on Industry, Research and Energy and the Committee on Agriculture and Rural Development (A8-0000/2017),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ Not yet published in the Official Journal.

² Not yet adopted.

Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris agreement. **This legislative proposal forms** part of the implementation of the Union's commitment to economy-wide emission reductions as **confirmed** in the intended nationally determined reduction commitment of the Union and its Member States submitted to the Secretariat of the United Nations Framework Convention on Climate Change ('UNFCCC') on 6 March 2015.¹⁰

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<http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx>

Amendment

(3) On 5 October 2016, the Council ratified the Paris Agreement on behalf of the Union, following the consent given by the European Parliament on 4 October 2016. The Paris Agreement **entered into force on 4 November 2016. This Regulation forms, in that regard,** part of the implementation of the Union's commitment to economy-wide emission reductions as **set out** in the intended nationally determined reduction commitment of the Union and its Member States submitted to the Secretariat of the United Nations Framework Convention on Climate Change ('UNFCCC') on 6 March 2015.¹⁰

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<http://www4.unfccc.int/ndcregistry/pages/Party.aspx?party=EUU>

Or. en

Justification

This update of the text reflects the ratification and entry into force of the Paris Agreement. The intended nationally determined commitments of the EU are now to be found on the NDC interim registry.

Amendment 2

Proposal for a regulation
Recital 4

Text proposed by the Commission

(4) The Paris Agreement, inter alia, sets out a long-term goal in line with the objective to keep the global temperature

PE599.777v01-00

Amendment

(4) The Paris Agreement, inter alia, sets out a long-term goal in line with the objective to keep the global temperature

6/20

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increase well below 2°C above pre-industrial levels and to pursue efforts to keep it to 1.5°C above pre-industrial levels. In order to achieve **this goal**, the Parties should prepare, communicate and maintain successive nationally determined contributions. The Paris Agreement replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020. The Paris Agreement also calls for a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, and invites Parties to take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases, including forests.

increase well below 2°C above pre-industrial levels and to pursue efforts to keep it to 1.5°C above pre-industrial levels. **It also aims to increase the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production.** In order to achieve **the purpose of the Paris Agreement**, the Parties should prepare, communicate and maintain successive nationally determined contributions. The Paris Agreement replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020. The Paris Agreement also calls for a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, and invites Parties to take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases, including forests.

Or. en

Justification

Complement the recital on the Paris Agreement with a reference to its Article 2(1)(b) to highlight that the sector has multiple objectives and challenges.

Amendment 3

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) The LULUCF sector can contribute to climate change mitigation in several ways, in particular by reducing emissions, **and** maintaining and enhancing sinks and carbon stocks. In order for measures aiming in particular at increasing carbon sequestration to be effective, the long-term stability and adaptability of carbon pools **is**

Amendment

(6) The LULUCF sector **is highly exposed and very vulnerable to climate change. At the same time, the sector has huge potential to provide long-term climate benefits and to contribute significantly to the achievement of Union and international long-term climate goals.** It can contribute to climate change

essential.

mitigation in several ways, in particular by reducing emissions, maintaining and enhancing sinks and carbon stocks, **and providing bio-materials than can substitute fossil- or carbon-intensive materials**. In order for measures aiming in particular at increasing carbon sequestration to be effective, **sustainable resource management and the long-term stability and adaptability of carbon pools are essential. Long-term strategies are needed to make sustainable investments possible in the long run.**

Or. en

Amendment 4

Proposal for a regulation Recital 6 a (new)

Text proposed by the Commission

Amendment

(6 a) Advanced management practices can contribute significantly to reducing greenhouse gas emissions in the LULUCF sector. Promoting the development of innovative practices and encouraging landowners to make use of advanced management practices, such as precision agriculture, precision forestry and smart farming are potential means of helping Member States to reach their targets.

Or. en

Justification

Precision agriculture and forestry can reduce emissions by optimising the use of e.g. fuels, fertilisers and pesticides. This way of smart farming is beneficial for farmers, forestry managers and the environment.

Amendment 5

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) In order to determine accurate accounts of emissions and removals in accordance with the 2006 Intergovernmental Panel on Climate Change ('IPCC') Guidelines for National Greenhouse Gas Inventories ('IPCC Guidelines'), the annually reported values under Regulation (EU) No. 525/2013 for land use categories and the conversion between land use categories should be utilised, thereby streamlining the approaches used under the UNFCCC and the Kyoto Protocol. Land that is converted to another land use category should be considered in transition to that category for the default value of 20 years in the IPCC Guidelines.

Amendment

(8) In order to determine accurate accounts of emissions and removals in accordance with the 2006 Intergovernmental Panel on Climate Change ('IPCC') Guidelines for National Greenhouse Gas Inventories ('IPCC Guidelines'), the annually reported values under Regulation (EU) No. 525/2013 for land use categories and the conversion between land use categories should be utilised, thereby streamlining the approaches used under the UNFCCC and the Kyoto Protocol. Land that is converted to another land use category should be considered in transition to that category for the default value of 20 years in the IPCC Guidelines. ***Given the Union's position as a climate leader, Member States should derogate from that default value only for afforested land and only in very limited circumstances.***

Or. en

Justification

The default value for a conversion of a land use category under the IPCC Guidelines is 20 years, but derogations are possible. The EU as a climate leader should use derogations only for afforested land and only to a very limited extent. This addition needs to be considered together with proposed amendment to Article 6(2).

Amendment 6

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) Emissions and removals from forest land depend on a number of natural circumstances, age-class structure, as well

Amendment

(9) Emissions and removals from forest land depend on a number of natural circumstances, age-class structure, as well

as past and present management practices. The use of a base year would not make it possible to reflect those factors and resulting cyclical impacts on emissions and removals or their interannual variation. The relevant accounting rules should instead provide for the use of reference levels to exclude the effects of natural and country-specific characteristics. In the absence of the international review under the UNFCCC and the Kyoto Protocol, a review procedure should be established to ensure transparency and improve the quality of accounting in this category.

as past and present management practices, ***which differ substantially from one Member State to another***. The use of a base year would not make it possible to reflect those factors and resulting cyclical impacts on emissions and removals or their interannual variation. The relevant accounting rules should instead provide for the use of reference levels to exclude the effects of natural and country-specific characteristics. In the absence of the international review under the UNFCCC and the Kyoto Protocol, a review procedure should be established to ensure transparency and improve the quality of accounting in this category.

Or. en

Amendment 7

Proposal for a regulation Recital 10

Text proposed by the Commission

(10) ***When the Commission chooses to be assisted by*** an expert review team in accordance with Commission Decision (C(2016)3301) ***in the review of national forestry accounting plans, it*** should build on the good practice and experience of the expert reviews under the UNFCCC, including as regards participation of national experts and recommendations, and ***select*** a sufficient number of experts from the Member States.

Amendment

(10) ***For the review of the national forestry accounting plans,*** an expert review team ***should be set up*** in accordance with Commission Decision (C(2016)3301). ***The expert review team*** should build on the good practice and experience of the expert reviews under the UNFCCC, including as regards participation of national experts and recommendations, and a sufficient number of experts from the Member States ***should be selected***.

Or. en

Justification

The expert review team process should be inspired by the rules of the "peer reviews" under the Kyoto Protocol, adapted to EU circumstances. This clarification needs to be considered together with proposed amendment to Article 8(5).

Amendment 8

Proposal for a regulation

Recital 13

Text proposed by the Commission

(13) Natural disturbances, such as wildfires, insect and disease infestations, extreme weather events and geological disturbances that are beyond the control of, and not materially influenced by, a Member State, may result in greenhouse gas emissions of a temporary nature in the LULUCF sector, or may cause the reversal of previous removals. As reversal can also be the result of management decisions, such as decisions to harvest or plant trees, this Regulation should ensure that human-induced reversals of removals are always accurately reflected in LULUCF accounts. Moreover, this Regulation should provide Member States with a limited possibility to exclude emissions resulting from disturbances that are beyond their control from their LULUCF accounts. However, the manner in which Member States apply those provisions should not lead to undue under-accounting.

Amendment

(13) Natural disturbances, such as wildfires, insect and disease infestations, extreme weather events and geological disturbances that are beyond the control of, and not materially influenced by, a Member State, may result in greenhouse gas emissions of a temporary nature in the LULUCF sector, or may cause the reversal of previous removals. As reversal can also be the result of management decisions, such as decisions to harvest or plant trees, this Regulation should ensure that human-induced reversals of removals are always accurately reflected in LULUCF accounts. ***Member States should be encouraged to invest in preventative actions, such as sustainable management, to reduce the risks associated with natural disturbances.*** Moreover, this Regulation should provide Member States with a limited possibility to exclude emissions resulting from disturbances that are beyond their control from their LULUCF accounts. However, the manner in which Member States apply those provisions should not lead to undue under-accounting.

Or. en

Justification

A sustainable management of forests and agricultural land has positive impacts on the mitigation of risks of natural disturbances.

Amendment 9

Proposal for a regulation

Recital 14

(14) Depending on national preferences, Member States should be able to choose adequate national policies for achieving their commitments in LULUCF, including the possibility of compensating emissions from one land category by removals from another land category. They should also be able to cumulate net removals over the period 2021-2030. Trading among Member States should continue as an additional option to help compliance. Following the practice in the second commitment period of the Kyoto Protocol, there should also be a possibility for a Member State to use its overachievement under Regulation [] on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement 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 in order to ensure its compliance with its commitment under this Regulation.

(14) Depending on national preferences, Member States should be able to choose adequate national policies for achieving their commitments in LULUCF, including the possibility of compensating emissions from one land category by removals from another land category. They should also be able to cumulate net removals over the period 2021-2030. Trading among Member States should continue as an additional option to help compliance. Following the practice in the second commitment period of the Kyoto Protocol, there should also be a possibility for a Member State to use its overachievement under Regulation [] on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement 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 in order to ensure its compliance with its commitment under this Regulation. ***Member States should also be able to use at least 280 million tonnes of any net removals resulting from the provisions of this Regulation, divided among them, in order to ensure their compliance with their commitments under Regulation [] on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030. The Member States with an updated forest reference level should also be able to use net removals from the accounting category 'managed forest land' in this context. Given the limited mitigation potential it has as a sector, agriculture should benefit first and foremost from the net removals granted under this Regulation, thereby also making a clear distinction between "green" CO₂ emissions from the LULUCF sector and***

those resulting from the burning of fossil fuels.

Or. en

Justification

The possible flexibility between LULUCF and Effort Sharing should also be quantified in the LULUCF Regulation. The amount of 280 million tonnes of CO2 equivalent is the most appropriate option analysed in the Commission's Impact Assessments. As soon as the forest reference level of a Member State in Annex II is updated, forest management credits may contribute to this flexibility. See also amendment proposed on Article 8(6).

Amendment 10

Proposal for a regulation

Recital 15

Text proposed by the Commission

(15) In order to ensure efficient, transparent and cost-effective reporting and verification of greenhouse gas emissions and removals and of other information necessary to assess compliance with Member States' commitments, reporting requirements should be included in Regulation (EU) No. 525/2013 by this Regulation, and compliance checks under this Regulation should take these reports into account. Regulation (EU) No. 525/2013 should therefore be amended accordingly. These provisions may further be streamlined to take into consideration any relevant changes in respect of the *integrated* governance of the Energy Union *for which a proposal is foreseen by the end of 2016 in the Commission's work programme.*

Amendment

(15) In order to ensure efficient, transparent and cost-effective reporting and verification of greenhouse gas emissions and removals and of other information necessary to assess compliance with Member States' commitments, reporting requirements should be included in Regulation (EU) No. 525/2013 by this Regulation, and compliance checks under this Regulation should take these reports into account. Regulation (EU) No. 525/2013 should therefore be amended accordingly. These provisions may further be streamlined to take into consideration any relevant changes in respect of the *proposal for a regulation on the* governance of the Energy Union which *the Commission submitted on 30 November 2016.*

Or. en

Justification

This Recital needs to be updated following the presentation of the winter package "Clean Energy for all Europeans" by the Commission.

Amendment 11

Proposal for a regulation

Article 6 – paragraph 2

Text proposed by the Commission

2. By derogation from the requirement to apply the default value established in Article 5(3), a Member State may transition cropland, grassland, wetland, settlements and other land from the category of such land converted to forest land to the category of forest land remaining forest land after 30 years from the date of conversion.

Amendment

2. By derogation from the requirement to apply the default value established in Article 5(3), a Member State may transition cropland, grassland, wetland, settlements and other land from the category of such land converted to forest land to the category of forest land remaining forest land after 30 years from the date of conversion, ***if duly justified based on the IPCC Guidelines.***

Or. en

Justification

The default value for a conversion of a land use category under the IPCC Guidelines is 20 years, but derogations are possible. The EU as a climate leader should use derogations only for afforested land and only to a very limited extent. This amendment needs to be considered together with the proposed amendment to Recital 8.

Amendment 12

Proposal for a regulation

Article 8 – paragraph 2

Text proposed by the Commission

2. Where the result of the calculation referred to in paragraph 1 is negative in relation to its forest reference level, a Member State shall include in its managed forest land accounts total net removals of no more than the equivalent of 3,5 per cent of the Member State's emissions in its base year or period as specified in Annex III, multiplied by five.

Amendment

2. Where the result of the calculation referred to in paragraph 1 is negative in relation to its forest reference level, a Member State shall include in its managed forest land accounts total net removals of no more than the equivalent of 7 per cent of the Member State's emissions in its base year or period as specified in Annex III, multiplied by five.

Or. en

Justification

The report by the rapporteur provides for new and robust accounting of managed forest land. Hence, even an increased cap will not jeopardise environmental integrity, but give Member States more room for manoeuvre.

Amendment 13

Proposal for a regulation

Article 8 – paragraph 3 – subparagraph 2

Text proposed by the Commission

The national forestry accounting plan shall contain all the elements listed in Annex IV, section B and include a **proposed** new forest reference level based on the continuation of current forest management practice and intensity, as documented between **1990-2009** per forest type and per age class in national forests, expressed in tonnes of CO₂ equivalent per year.

Amendment

The national forestry accounting plan shall contain all the elements listed in Annex IV, section B and include a new forest reference level based on the continuation of current forest management practice and intensity, as documented between **2000-2012** per forest type and per age class in national forests, expressed in tonnes of CO₂ equivalent per year.

Or. en

Justification

In terms of the availability of reliable data in all Member States 2000 is more appropriate than 1990. The cut-off year 2012 should reflect more recent development and also include the first commitment period under the Kyoto Protocol ended in 2012.

Amendment 14

Proposal for a regulation

Article 8 – paragraph 5

Text proposed by the Commission

5. *The* Commission shall review the national forestry accounting plans and technical corrections and assess the extent to which the **proposed** new or corrected forest reference levels have been determined in accordance with the principles and requirements set out in paragraphs (3) and (4) as well as Article 5(1). **To the extent that this is required in**

Amendment

5. **An expert review team, set up in accordance with Commission Decision (C(2016)3301 and comprising Commission and Member States representatives,** shall review the national forestry accounting plans and technical corrections and assess the extent to which the new or corrected forest reference levels **set by the Member States** have been

order to ensure compliance with the principles and requirements set out in paragraphs (3) and (4) as well as Article 5(1), *the Commission may recalculate the proposed new or corrected forest reference levels.*

determined in accordance with the principles and requirements set out in paragraphs (3) and (4) *of this Article* as well as Article 5(1). *The Commission may only recalculate the new or corrected forest reference levels where* the principles and requirements set out in paragraphs (3) and (4) *of this Article* as well as Article 5(1) *have not been complied with.*

Or. en

Justification

The expert review team process should be inspired by the rules of the "peer reviews" under the Kyoto Protocol, adapted to EU circumstances. This clarification needs to be considered together with proposed amendment to rec. 10. Keeping in mind the principle of subsidiarity, Member States need to play a crucial role.

Amendment 15

Proposal for a regulation Article 8 – paragraph 6

Text proposed by the Commission

6. The Commission shall adopt delegated acts in accordance with Article 14 to amend Annex II in the light of the review carried out pursuant to paragraph (5) to update Member State forest reference levels based on the national forestry accounting plans or the technical corrections submitted, and any recalculations made in the context of the review. Until the entry into force of the delegated **act**, Member State forest reference levels as specified in Annex II shall continue to apply for the period 2021-2025 and/or 2026-2030.

Amendment

6. The Commission shall adopt delegated acts in accordance with Article 14 to amend Annex II in the light of the review carried out *by the expert review team* pursuant to paragraph (5) to update Member State forest reference levels based on the national forestry accounting plans or the technical corrections submitted, and any recalculations made in the context of the review.

Where new forest reference levels are based on national forestry accounting plans that have been submitted by 31 December 2018, the Commission shall adopt the corresponding delegated acts containing those new forest reference levels by 31 December 2020. Member

States whose forest reference levels have been updated by means of delegated acts may use net removals from the accounting category 'managed forest land' to ensure compliance with their commitments under Regulation [] on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030, within the flexibilities of at least 280 million tonnes.

Until the entry into force of the delegated acts, Member State forest reference levels as specified in Annex II shall continue to apply for the period 2021-2025 and/or 2026-2030.

Or. en

Justification

This amendment ensures a timely update of Annex II and hence makes sure that forest management credits may contribute to the flexibility of 280 million tonnes of CO₂ equivalent as soon as possible. Two years between submission of the national forestry accounting plan and adoption of the delegated act updating Annex II is an adequate period.

EXPLANATORY STATEMENT

Context

In December 2015, a historic legally binding climate agreement was reached in Paris. This agreement applies to 195 countries globally and aims to limit global warming to well below 2 degrees Celsius, and make efforts to limit the temperature increase to 1.5 degrees above pre-industrial levels.

The importance of the fight against climate change at international level has been further exemplified by the prominence of climate change actions in the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development, which officially came into force on 1 January 2016. These new Goals will apply universally to all, and aim to fight poverty, inequalities and tackle climate change, over the next fifteen years.

In view of these international commitments, in October 2014, the European Council decided the EU climate and energy targets for the period up to 2030, which included notably an at least 40% reduction in emissions of greenhouse gases (GHG), 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 greenhouse gases emissions in the ETS sector by 43% below 2005 levels, and emissions in the non-ETS sector by 30% below 2005 levels.

LULUCF

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 result from land-use change (such as the conversion of permanent pasture to arable land) and from deforestation. Removals are dominated by CO₂ absorbed by existing and new forests. In 2012, the LULUCF sector accounted for a net removal of about 303 million tonnes CO₂e in the whole EU¹ equivalent to about 9% of emissions from the other sectors.

Current situation

Emissions and removals of greenhouse gases in LULUCF are currently covered by international obligations under the Kyoto Protocol only, up to 2020.

The proposed regulation would establish a legal framework for GHG emissions and removals from the LULUCF sector from 2021 onwards, including it in the EU climate policy framework. LULUCF would be maintained as a separate pillar, but with certain links to the Effort Sharing System (the so-called flexibility clause). The actions of forest owners and farmers to secure carbon stored in forests and soils would thus contribute to achieving the EU's commitments on climate change.

The challenge for EU agriculture and forestry

For the rapporteur, the relationship of agriculture and forestry to climate change is multi-dimensional. Forests currently cover more than 42% of the EU land surface and have a huge potential for climate change mitigation through sequestration and storage of CO₂. On the

¹ 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).

other hand, the forestry sector needs to meet an increasing demand for timber, which is often used as feedstock for bioeconomy. Agriculture is confronted with a growing demand for food and feed and a limited mitigation potential. Both are highly exposed to climate change, as these activities directly depend on climatic conditions such as average temperatures, rainfall, and climate extremes, and are subject to changes in pests and diseases. The Paris Agreement in particular recognised “*the fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change*” and aims to “*foster low GHG emissions development in a manner that does not threaten food production*”. The need to ensure coherence between food security and climate change objectives is also enshrined in the European Council Conclusion of 23-24 October 2014.

This complex relationship raises challenges, expectations and opportunities for the LULUCF sector to play a key role in climate change. In his report, the rapporteur aims to highlight these different elements.

Removals result from the capacity of plants and soils to absorb and retain greenhouses gases from the atmosphere through the process of photosynthesis. EU forests, for example, absorb the equivalent of nearly 10% of total EU greenhouse gas emissions each year and present a significant carbon stock. Additionally, harvested wood products can have very positive substitutional effects when used as building material (replacing energy-intensive products and storing carbon) or as burned biomass for energy (replacing fossil fuels but causing GHG emissions).

The EU has many different types of forests, reflecting its geoclimatic diversity (boreal forests, alpine forests with conifers, etc.). Their distribution is mainly determined by climate, soil type, altitude and topography. Moreover, unlike in many parts of the world where deforestation is still a major problem, in the EU the area of land covered by forests is growing; by 2010 forest coverage had increased by approximately 11 million hectares since 1990, as a result of both afforestation work and natural growth, impacted positively by sustainable forest management. From a socioeconomic point of view, working forests generate resources, in particular timber. The primary use is for energy generation (42% of volume), as against 24% for sawmills, 17% for the paper industry and 12% for the panel industry. Approximately half of the renewable energy consumed in the EU comes from wood.

Position of the rapporteur

The rapporteur recognises the huge potential of the sector in terms of climate change mitigation. However, this can only be achieved with robust and credible accounting at EU level for the period 2021-2030 and if the no-debit target and possible credits are reached in a comparable and rigorous manner. Our long-term climate objectives also rely on net removals from the LULUCF sector, but this should not lead to a reduction in the ambition level of other sectors. The distinction between “green” CO₂ emissions from the LULUCF sector and CO₂ emissions from the burning of fossil fuels should also be made and strong coherence between the various EU policies in this respect. In addition, the principle of subsidiarity should under no circumstances be called into question.

Flexibility

The proposed flexibility between the LULUCF Regulation and the Effort Sharing Regulation is a beneficial instrument to value, reward and incentivise forestry and agriculture for their climate-smart actions. Therefore the rapporteur considers that the 280 million tonnes of net removals proposed by the Commission should not be reduced.

Afforestation

Bearing in mind the great variety of forests across the EU in terms of growth and coverage, the approaches to afforestation and forest management are extremely diverse. Sustainable afforestation should be incentivised but its contribution potential should not be overestimated in light of the significant contributions of the other land use categories. Hence the rapporteur supports the default value of 20 years for the afforestation period, with the possible derogation of up to 30 years. However, countries wishing to use this derogation should have to justify their request by following, as a minimum, international procedures and guidelines. A further extension of this period should not be possible as it would lead to a lowering of the EU's ambition level.

Forest reference level

In order for the principle of subsidiarity to be fully respected, it should not be possible for the Commission to decide alone on the establishment of the forest reference levels. The rapporteur supports the improvement of the Kyoto rules and proposes a three-step process:

1. The Member States calculate a new forest reference level updating the current values under the second commitment period of the Kyoto Protocol (Annex II). The criteria to be respected are set in Annex IV.
2. An expert review team is to be set up in accordance with the provisions of COM Decision (C(2016)3301) comprising Commission representatives and an important number of national experts. This expert review should be modelled following current Kyoto rules and enable a "peer review" like process amongst the Member States.
3. The Commission may only recalculate the new forest reference levels if the criteria of Annex IV are not respected.

This process should be finalised, including the adoption of the delegated acts updating the current Kyoto reference levels, by the end of 2020, hence before the start of the first accounting period under this regulation. Following the adoption of these acts, a Member State would have the possibility to integrate its credits generated from managed forest land into the flexibility of 280 million tonnes CO₂e granted under the Effort Sharing Regulation.

Furthermore, the rapporteur proposes adjusting the reference period and change it from 1990-2009 to 2000-2012. This would take better account of the fact that not all Member States are able to provide reliable data for their forest (inventories) for the 1990s. In addition, by extending the period to 2012, the most recently finished commitment period of the Kyoto Protocol could also be completely integrated.

Cap on forest management credits

The rapporteur proposes changing the cap for forest management credits from 3.5 % of Member States emissions to 7 %. Since the LULUCF-proposal by the Commission as modified by the rapporteur will provide for robust and credible accounting in the category of managed forest land, even an increased ceiling will still ensure environmental integrity while giving more flexibility to Member States.