Summary of stakeholder feedback to the Land Use, Land Use-Change and Forestry (LULUCF) proposal

On 20 July 2016 the Commission adopted a proposal to integrate greenhouse gas emissions and removals from land use, land use-change and forestry (LULUCF) into the 2030 climate and energy framework. The proposal sets a binding commitment for each Member State to ensure that accounted emissions from land use are entirely compensated by an equivalent removal of CO₂ from the atmosphere through action in the sector, what is known as the "no debit rule."

In the context of the Better Regulation Package of May 2015, stakeholders have the possibility to provide feedback on legislative proposals within 8 weeks after their adoption by the Commission. This document presents a summary of the feedback received from 20/07/2016 to 27/09/2016. Since feedback is meant to feed into the legislative debate, this summary was sent by the Commission to the European Parliament and the Council.

The Commission received feedback from:
- Stichting BirdLife Europe,
- Wetlands International,
- German chemistry industry association, Verband der Chemischen Industrie (VCI),
- Danish Agriculture and Food Council (DAFC),
- Finnish Forest Industries Federation,
- German Farmers Association, Deutscher Bauernverband (DBV),
- German regional "Die Linke" ("The Left") fraction of the Saxonian Parliament.

The following summarizes the feedback received on the LULUCF proposal:

All stakeholders draw attention to the key role land use plays in climate action, and the importance of having the sector as part of the EU 2030 climate and energy framework. Some mentioned the proposal's alignment with the Paris Agreement, and how it is a good start towards a low carbon transition (BirdLife, DBV). Most seemed to accept LULUCF as a standalone policy pillar, while DAFC had a preference for a separate agriculture and land use pillar.

1 COM/2016/0479 final - 2016/0230 (COD)

2 http://ec.europa.eu/smart-regulation/better_regulation/key_docs_en.htm
With regards to the scope of the proposal (Art. 2), BirdLife and Wetlands International suggest having "managed wetland" as a compulsory accounting category, rather than an optional one. They explain that peatlands and wetlands are some of the most important carbon stores in the EU, and by having it as an optional category there is no accounting penalty for Member States where degradation and carbon losses occur on wetland. Furthermore, they consider that the current proposal provides no incentives to protecting and restoring wetlands, and that rewetting of peatlands needs to be promoted. On this subject Wetlands International also recommends including "oxidation of degraded peatlands" as a definition in article 3 of the proposal.

On accounting for afforested and deforested land (Art. 6 (2)) Die Linke suggests eliminating the option of having a 30 year transition period for land converted to managed forest land (i.e. afforestation), and keeping the 20 year transition for all land categories including afforested and deforested land. BirdLife proposes moving to a net-net accounting approach, rather than gross-net, similar to the accounting for managed cropland, grassland and wetlands (Art 7), so accounted emissions and removals can be fully comparable across categories. Wetlands International recommends that emissions from afforestation and deforestation on peatlands should be accounted for.

Finnish Forest Industries Federation expresses concern on the accounting rules for managed forest land (Art. 8), explaining they are mainly focused on carbon sequestration, which seems to promote passive forestry practices and deter the use of renewable raw materials. Die Linke proposes using a more recent period (2008-2012) as base year for calculating the cap when accounting for managed forest land. DBV recognises the importance of setting new Forest Reference Levels (FRL) (Art. 8 (3)) to improve accuracy and avoid jeopardising environmental integrity. BirdLife shares these concerns, yet it proposes abandoning the FRL altogether and apply a net-net accounting approach.

DBV and DAFC draw attention to the limited mitigation potential of agriculture, as the sector is based on natural processes, and an emission free production is not possible. Therefore, they welcome the flexibilities (Art. 11) proposed. However, when it comes to the flexibility from LULUCF to ESR (Art. 7 in COM(2016)482 Effort Sharing Proposal) DAFC welcomes it and its principles, but DBV sees it as not enough to exploit the full potential of sinks in LULUCF. For DBV the flexibility cap should be based on the realised actual sink. DBV also expresses its preference for having credits from managed forest land included in the flexibility towards ESR sectors, once the new reference levels are set, as this would allow for mapping carbon changes in the entire LULUCF sectors. With regards to the flexibility between Member States, DAFC calls for the Commission to establish guidelines for transparency in cross border RMU transactions to ensure environmental integrity and a functioning market. Contrary to DAFC's and DBV's view, Die Linke expresses concern regarding the flexibility with the ESR sectors (Art. 7 in COM(2016)482 Effort Sharing Proposal) and suggests deleting it, as it lowers climate ambition.

On accounting for bioenergy, VCI highlights the importance of it in view of the emission reductions targets. It sees LULUCF having a constraining role as market dynamics shift and demand for biogenic feed-stocks increases. Finnish Forest Industries see forests as a key player in the bio-economy, mainly as a producer of renewable raw materials. Yet, they see the proposal as discouraging the use of biomass from forests, and hence, hampering the development of the bio-economy. On the same topic, BirdLife is of the view that the proposal does not provide sufficient incentives to ensure the use of low-carbon sustainable bioenergy. Together with Wetlands International, it considers that safeguards to reduce bioenergy emissions should be included in energy policies (i.e.
Renewable Energy Package due at the end of the year). In addition, BirdLife suggests excluding biomass categories with high carbon emissions, and set an overall limit on the share of bioenergy in the EU's renewable energy mix. Wetlands International also draws attention to the importance of accounting for emissions from the production of biogas, biofuel and biomass on peatlands in Europe and abroad.

Finally, some stakeholders made recommendations on modifying or integrating additional measures to increase ambition. Die Linke proposed reducing the time between compliance checks (art 12), from 5 to 2 years, beginning with the year 2023. DBV mentioned the importance of developing suitable measures for carbon sequestration in soils through climate smart agriculture. On the topic of flexibilities, DAFC proposed a series of additional ones to further incentivise Member States to take early mitigation actions; calls for the possibility of transferring unused credits up until 2020 to the following period (2021 – 2030); and proposes an extra flexibility mechanism for certified climate efficient production, as a way of incentivising climate smart agriculture and gaining access to ETS flexibilities. Member States would gain access to ETS flexibility corresponding to 25% of certified on-farm low carbon emissions. In addition, DAFC suggests establishing an extra flexibility mechanism for Member States that contribute above the EU average per capita to finance climate initiatives in developing countries. This is expected to work as an incentive to implement the Paris Agreement provision on financing. Also, if the emissions reduction targets are surpassed before 2030, DAFC proposes having the cap on flexibilities reviewed and exploring the possibility for international offsets.