



EUROPEAN COMMISSION  
Impact Assessment Board

Brussels,  
D(2011)

## Opinion

**Title**                    **DG CLIMA impact assessment on: the role of Land Use, Land Use Change and Forestry (LULUCF) in the EU's climate change commitments**  
**(draft version of 4 April 2011)**

### **(A) Context**

Human-caused greenhouse gas (GHG) emissions are considered to be the primary reason for the current rate of climate change which, if it continues, could severely harm the global economy, ecosystems and human welfare. To limit the foreseen increase in global temperature, the 2010 Cancún international agreements require global greenhouse gas emissions to be cut by at least 50% below 1990 levels by 2050 with developed countries cutting their contribution by 80-95%. Accordingly, the European Council and Parliament have endorsed an emission reduction of at least 80% as a suitable long-term goal for the Union. The Union has also unilaterally committed to reduce its overall emissions to 20% below 1990 levels by 2020, or to 30% if conditions are right. Emissions and removals of greenhouse gasses related to land use, land use change and forestry (LULUCF) are, however, not currently part of the 2020 commitment. The Commission has been asked by the European Council and Parliament to assess the possibility of including LULUCF in the 2020 target and to make an appropriate legislative proposal, which this Impact Assessment will accompany.

### **(B) Overall assessment**

**The report provides appropriate evidence to underpin action to improve LULUCF emission accounting and to inform initial debates about its place in policy frameworks. However, as the report lacks sufficiently detailed and conclusive evidence to justify target-setting in this field in the near future, the Board stresses that further impact assessment work would be needed to accompany a Commission proposal containing a specific reduction target. Furthermore, the report should be improved in certain other important regards. Firstly, the report should clarify the status, content and feasibility of options that incorporate targets, and should discuss the implications of data uncertainties. Secondly, the problem should be more clearly situated in its practical and political context. Thirdly, a clearer commentary should be provided on the model-based predicted impacts, their influences and on the underlying assumptions. Fourthly, different stakeholder views should be mentioned throughout. Finally, a substantial effort should be made to make the report more accessible to decision-makers.**

## **(C) Main recommendations for improvements**

**(1) Clarify the status, content and feasibility of options that incorporate targets, and outline the uncertainties regarding their impact.** The report should clarify early on, e.g. when options are first presented, that targets are formulated and analysed in a preliminary way that is not intended to support any legislative proposal. The reasons for assessing such options should be clarified, and the need to improve data quality and conduct further impact assessment before setting any targets incorporating LULUCF should be clearly highlighted. For clarity, the report should better explain what the options incorporating emission reduction targets involve in terms of practical obligations on Member States and date of entry into force (2.I, 2.II). The feasibility of bringing obligations on LULUCF into the *acquis* in time should be mentioned (e.g. if a further initiative would be needed and would reopen political discussions on already-agreed targets and efforts). The report should discuss how the gaps in reliable baseline evidence could affect the fairness of any target-setting in the near future. When presenting the likely environmental and economic impacts of options incorporating targets, the report should indicate how data gaps and uncertainties affect the predictions. Qualitative assessment should be more consistently used to complement modelling estimates, and should indicate the risks of targets being missed or requiring adjustment in the introductory period. In concluding, the report should again mention the lack of sufficiently conclusive evidence to justify target-setting in this field in the near future. Given their limits, target-related options could be ruled out rather quickly to allow space for deeper analysis of accounting options.

**(2) Clearly situate the problem in its practical and political context.** The practical relevance of the problem under examination should be clarified early in the report. Reference should be made to the scale of opportunities to remove additional greenhouse gases from the atmosphere via LULUCF activities and also to the risks to the coherence of overall climate policy while the sector is not taken into account, despite for example its relevance for biofuel policies. Other drivers for EU action would also benefit from an earlier mention, such as the Europe 2020 strategy (§3.2) and the EU's role in promoting a level playing field for businesses and a fair distribution of effort. When mentioning the on-going international negotiations, the stability of the draft document on accounting should be indicated.

**(3) Explain the predicted impacts and the modelling work more clearly.** The report should better explain the main predicted impacts of options that were calculated by modelling and the related uncertainties and influences, particularly where findings are heavily influenced by particular modelling assumptions. The main text should briefly elaborate on the meaning and rationale of the key assumptions underlying the modelled estimates (such as the assumption that wood production remains constant, p40). One clearly-explained scenario, namely the current "reference scenario", should be used in the main text so the difference in options' impacts is comparable under a single benchmark. Discussions of how this compares to the alternative "baseline" scenario should be confined to the Annexes, where a label other than "baseline" should be used to avoid confusion. The report should also briefly explain why its analysis focuses on macro level impacts (e.g. in introducing section 5). It should briefly mention the difficulties in predicting effects on individual businesses such as SMEs, with reference to the complicated subsequent choices that are likely to significantly affect impacts.

**(4) Mention stakeholder views throughout.** The report should mention differences in stakeholder views throughout the text, particularly in discussing options and their impacts. The key findings of the full report on stakeholder feedback that is mentioned should be presented in an Annex or made accessible via a corresponding link.

**(D) Procedure and presentation**

The report should be edited to make it more accessible to non-specialists, with key conclusions being highlighted in the text and rewritten in plain language. A glossary should be added to explain acronyms and technical terms. The number of pages devoted to accounting-related issues should correspond to their importance, in terms of the report's objectives and them having been the main focus of the analysis.

As context, the report should mention the high number of business including SMEs and micro firms who could eventually be affected, but should also draw attention to the need for most additional data collection work to be done at country level rather than at landholding level. The assumptions underpinning the targets presented should be clarified, e.g. via an annexed table. The Annexes on model design should explain the underlying assumptions used in the modelling as precisely and clearly as possible. These could specifically discuss uncertainty and sensitivity with regard to the modelled estimates to support briefer information in the main text.

**(E) IAB scrutiny process**

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|-------------------------|----------------|
| Reference number        | 2011/CLIMA/008 |
| External expertise used | No             |
| Date of IAB meeting     | 4 May 2011     |