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Opinion

Title **DG CLIMA – Regulation on addressing greenhouse gas emissions from agriculture and LULUCF in the context of the 2030 climate and energy framework**
(draft version of 29 April 2016)*

(A) Context

The LULUCF (Land Use, Land Use Change and Forestry) sector affects greenhouse gas (GHG) emissions into the atmosphere and removal of carbon from the atmosphere resulting from the use of soils, trees, plants, biomass and timber. Forests and agricultural lands currently cover more than three-quarters of the EU territory and hold large stocks of carbon, preventing its escape into the atmosphere. Whereas draining of peat land, felling of forest or ploughing up grassland generates emissions; rewetting of organic soils, afforestation, conversion of arable land into grassland can result in protection of carbon stocks or even carbon sequestration.

The 2014 European Council conclusions mandated the European Commission to put forward policies to include LULUCF in the EU's 2030 climate and energy framework.

(B) Overall opinion: POSITIVE

The Board gives a positive opinion on the understanding that the impact assessment report shall be adjusted in order to integrate the Board's recommendations with respect to the following key aspects:

1) The report should clarify the urgency for regulating now, given the current large data uncertainty on LULUCF emissions/sinks and the conclusions of the European Council requiring action only when technical conditions allow, with a 2020 horizon. The description of the context should be strengthened, in particular as regards the link with the Effort Sharing Decision, the 'no-debit rule' and the need to ensure the "environmental integrity" of the Union's commitments to reduce greenhouse gas emissions (e.g. rules on forestry reference values, etc.).

2) The narrow scope of the initiative should be better explained by including a clear justification of the limited approach adopted for incorporating LULUCF in the EU's climate and energy framework (also taking into account the relevant conclusions of the European Council). The longer-term "stepwise" approach towards integrating LULUCF more fully in the climate and energy framework should be clarified, including what subsequent initiatives might be considered.

*Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

3) Despite the narrow approach taken, the analysis of policy options should be further elaborated to create a better balance between the possible ways to incorporate LULUCF (i.e. a stand-alone LULUCF pillar, a complete integration of LULUCF into ESD and a separate land-use pillar covering LULUCF and agriculture) in the EU's climate and energy framework, in particular given that the retained option does not show the biggest mitigation potential over the long period. The burden-reduction potential of the initiative should be brought out more clearly and supported as far as possible with quantified information.

The lead DG shall ensure that the report is adjusted accordingly prior to launching the inter-service consultation.

(C) Main recommendations for improvements

(1) Clarify the scope and the context. The report should justify the choice of a narrow interpretation of the European Council conclusions on the way to integrate the LULUCF sector in the EU's climate and energy framework (only through flexibility between the LULUCF and the Member States' agricultural sectors) and put the initiative in a wider perspective. It should explain why only the agricultural sector could benefit from the large mitigating potential of the LULUCF sector while emissions e.g. in the transport sector are also difficult to reduce and have a direct link with LULUCF as well. Taking into account the changing international context, but also the current large data uncertainty on LULUCF emissions, the report should justify the need to regulate now and outline the stepwise approach for integrating LULUCF.

(2) Balance the overall narrative of the report. The impact assessment report should be an objective, evidence-based aid to policy making. While political considerations are important in the design of the envisaged policy options, the report should transparently acknowledge them. Currently the report focuses on countries with a substantial share of agricultural sector in their economies or on small, high-income Member States for which problems could arise in meeting the 2030 GHG emission reduction targets in a cost-effective way. It does not address the wider context of possible ways to include the LULUCF sector in the overall climate and energy framework. It does not highlight the potential of increasing the contribution of LULUCF and might create a false impression that the agricultural sector does not have its own GHG emissions reduction potential.

(3) Improve the definition of the baseline. The description of the baseline scenario should be improved to clearly indicate what elements from the outgoing Kyoto Protocol rules would be kept.

(4) Refine the analysis of policy options. In the context of a clearer scope and explanations on the stepwise approach, the report should further elaborate the analysis of the available options, especially given that the seemingly best option emanating from the analysis (i.e. a standalone land-use sector) is discarded in favour of the preferred option. The report should also explain why no common criteria for establishing Forest Reference Levels are proposed in the initiative as part of the options. In addition, the quantification of the (expected reduction in) administrative burdens should be accounted for in the report (or references to the past estimates accompanying the 2013 LULUCF Decision included).

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should be revised in a way that it respects the Better Regulation guidelines as regards its structure and length (30-40 pages). In particular, the problem description, the definition of the objectives, and the comparison of options should not be spread over several sections but consolidated. That would also help eliminating repetitions in the text and shortening the overall length of the report.

(E) RSB scrutiny process

Reference number	2015/CLIMA/003
External expertise used	No
Date of RSB meeting	31 May 2016