2030 climate and energy framework: inclusion of greenhouse gas emissions and removals from land use, land use change and forestry

2016/0230(COD) - 20/07/2016 - Legislative proposal

PURPOSE: to determine how to include land use, land use change and forestry (LULUCF) in the EU's climate and energy framework, from 2021.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides following the ordinary legislative procedure on an equal footing with Council.

BACKGROUND: emissions and removals of greenhouse gases in LULUCF are currently covered by international obligations under the Kyoto Protocol only, up to 2020. Up to this date, the Kyoto Protocol places constraints on the EU and each of its Member States, as they need to ensure that the LULUCF sector does not yield extra emissions. However, **the Kyoto Protocol will expire at the end of 2020.** Consequently, governance for the LULUCF sector needs to be further developed within the EU.

Currently, this is carried out under Decision No 529/2013/EU on accounting rules on greenhouse gas emissions and removals resulting from activities relating to LULUCF. Without a legal framework defining the applicable rules for the period post-2020, the way in which LULUCF would be included in the overall framework could be heterogeneous across the EU.

The proposal is part of the legislation completing the integrated framework for climate and energy policies up to 2030 endorsed by the European Council in October 2014, to achieve the EU **2030 greenhouse gas emission reduction target of at least -40% compared to 1990 levels** domestically in a cost effective manner and contribute to limiting global warming. It is part of the Commission's ten political priorities, and an important element of the strategic framework for the Energy Union. It also aims to implement the EU's commitments under the **Paris Agreement** (December 1995) on climate change.

IMPACT ASSESSMENT: in the conclusion of the impact assessment, a stand-alone LULUCF policy pillar was identified as the preferred option. This would continue to be utilised together with the commitment by each Member State to ensure that the LULUCF sector should have no net emissions on their territory (no-debit rule).

CONTENT: the proposal aims to define how the LULUCF sector will contribute to an EU-wide **30% reduction in greenhouse gas emissions in non-ETS (emission trading scheme) sectors by 2030 compared to 2005**. It lays down;

- **the commitments by Member States** towards meeting the greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030;
- **accounting rules relating to emissions** and absorption linked to LULUCF activity and to verification of Member States' commitments.

The mandatory scope is, in essence, forest land and agricultural land, and land for which the use has changed from or to these uses. The approach proposed discards the parallel Kyoto Protocol reporting framework and **streamlines the system with the UNFCCC "land-based" reporting framework.** The scope includes greenhouse gases CO2, CH4 and N2O.

Furthermore, the proposal:

- provides that each Member State is to ensure that the LULUCF sector should have, after the application of the accounting rules specified in the Regulation, and taking into account the flexibilities, **no net emissions on their territory** ("no-debit rule");
- lays down general rules to **avoid double counting**, to manage the transitions between land use categories and to account for each carbon pool, except those falling under a "de minimis" rule;
- outlines the specific accounting rules for land use changed from (deforested) and to (afforested) forest land;
- outlines the specific accounting rules for managed cropland, grassland and wetland, including categories of land changing from and to these categories;
- provides for accounting rules for managed forest land using a forest reference level to exclude the effects of natural and country-specific characteristics;
- lays down the accounting for harvested wood products;
- permits Member States to exclude emissions from natural disturbances (forest fire, pest invasion, etc.) from their accounts;
- provides for Member States to compensate for emissions from one land accounting category by removals from another land accounting category in their territory;
- outlines the requirements for Member States to ensure appropriate monitoring for accounting purposes, and establishes regular compliance checks by the Commission;
- amends Regulation No 525/2013/EU in order to ensure that the reporting requirements currently applying to LULUCF are continued within the framework of that Regulation.

BUDGETARY IMPLICATIONS: the proposal has very limited implications for the EU budget (**EUR 1.668 million for the period 2017-2020**).

The Commission states that the indirect impacts on Member States' budgets will depend on the choice of national policies and measures for greenhouse gas emission reductions and other mitigation action in the land use sector covered by this initiative chosen in each specific country. The proposal eliminates one (of the existing two) reporting frameworks, streamlining the process of accounting compared to that required under the Kyoto Protocol. This will reduce the administrative costs for Member States and the European Commission.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.