Land use, land use change and forestry (LULUCF)

2021/0201(COD) - 14/07/2021 - Legislative proposal

PURPOSE: to revise Regulation (EU) 2018/841 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF).

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

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

BACKGROUND: the initial regulatory framework for the land use, land use change and forestry (LULUCF) sector, as laid down in Regulation (EU) 2018/841, was adopted in 2018 and covers CO2 emissions and removals and greenhouse gas emissions of CH4 and N2O resulting from the management of land, forests and biomass during the period from 2021 to 2030. It contributes to the previous Union's emission reduction target of at least 40% by 2030 compared to 1990, by ensuring that the sum of total emissions does not exceed the sum of total removals generated by the sector after the application of the accounting rules and of the flexibility with the "effort sharing" (or ESR) sector set out by Regulation (EU) 2018/842.

The LULUCF Regulation primarily addresses Member States by establishing a minimum level of climate mitigation performance in the LULUCF sector; it does not set any reporting or compliance requirements for individual land managers.

Under the current LULUCF rules, the minimum amount of removals that the LULUCF sector should provide at the EU level in 2030 is around -225 MtCO2eq.

The European Green Deal launched a new growth strategy for the EU that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy. The 'European Climate Law' has made the EU's climate neutrality target by 2050 legally binding.

The Commission has presented a **complementary and interconnected set of proposals as part of the 2030 Climate and Energy 'Fit for 55'** package to achieve the greenhouse gas emission reduction target of **at least 55% compared to 1990**. This 'Fit for 55' legislative package is the most comprehensive building block in the efforts to implement the ambitious new 2030 climate target, and all economic sectors and policies will need to make their contribution.

The 'Fit for 55' package, the Next Generation EU and the Multiannual Financial Framework for 2021-2027 will help to achieve the twin green and digital transitions that Europe is aiming for.

As part of this package, this proposal aims to make the LULUCF Regulation fit for reaching at least 55% net greenhouse gas emission reductions by 2030 compared to 1990, in line with the 2030 Climate Target Plan, as a staging post to achieving climate neutrality by 2050.

CONTENT: with this proposal, the Commission aims to amend the Land Use, Land Use Change and Forestry (LULUCF) Regulation to provide stronger incentives for Member States to increase and enhance their natural carbon sinks, in line with EU climate law.

The proposed amendment introduces only minor and non-substantive changes to the LULUCF regulatory framework for the first compliance period, i.e. from 2021 to 2025. In contrast, new targets for increased net carbon removals are foreseen for the period 2026-2030.

To this end, the proposal:

- sets out the overall Union target of net greenhouse gas removals in the LULUCF sector to **310 million** tonnes of CO2 equivalent in 2030;
- reinforces the obligation for Member States to submit integrated mitigation plans for the land sector and enhances the monitoring, reporting and verification of emissions and removals using digital technologies;
- aligns the objectives with related policy initiatives of biodiversity and bioenergy;
- determines the Union target of climate neutrality for 2035 in the land sector (which combines the LULUCF sector and the non-CO2 agricultural sector);
- commits the Commission to make proposals for national contributions to the 2035 target by 2025.

Commitments to climate neutrality in 2035

From 2031 onwards, the LULUCF sector will include the non-CO2 emissions from agriculture sector and the amended Regulation will aim towards the objective to achieve climate neutrality in the Union-wide greenhouse gas emissions and removals in the combined sectors at the latest by 2035; reducing emissions to net zero by that date and generating negative emissions thereafter. The Member States are obliged to contribute to reach the collective target and need to present how they intend to achieve this objective in their updated integrated national energy and climate plans by June 2024. In view of the submitted plans, the Commission will propose, by the end of 2025, individual Member State targets and EU-wide measures for the post-2030 period.

From 2036 onwards, the combined sector will need to generate further carbon removals to balance remaining emissions in other sectors, based on a robust carbon removal certification system. This policy framework could start to progressively combine the land sector with other sectors (beyond agriculture) that have exhausted their emissions reduction possibilities, or that have achieved for instance over 90% emission reductions. Thus, an incentive to steadily increase carbon removals in the combined sectors for period up to 2050 would be preserved.

Flexibility rules

The current LULUCF Regulation already provides Member States with several flexibility and trading options to exclude extreme emissions due to natural disturbances, such as forest fires, or unforeseen variations in harvesting rates. The proposal adapts those flexibility rules for the period from 2026 to 2030 and improves them, with a view to offering higher compensation in duly justified cases.