



## Position Paper on LULUCF

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22 March, 2017

### **CEPI position on the Commission proposal for a regulation on the inclusion of GHG emissions and removals from LULUCF into the 2030 climate and energy framework**

#### **Main Goal:**

The main goal for the European pulp and paper industry in the debate on climate change and forestry is to work on a policy framework enabling the long term sustainable management of European forests. This is in line with the conclusions of chapter 9 of the 4<sup>th</sup> Assessment Report of the International Panel on Climate Change (IPCC): “In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit.”

#### **Main Concern:**

The main concern of the European pulp and paper industry is that proposals for the inclusion of GHG emissions and removals from LULUCF focus on the 2030 horizon and forest sequestration. Meanwhile the potential of the other aspects of sustainable forest management such as the absorption of carbon by more dynamic forest management and storage and substitution of wood products replacing fossil based ones would not be sufficiently recognised and harvesting levels would be reduced.

The European pulp and paper industry is a key contributor to the bioeconomy. It uses wood from sustainably managed forests to produce renewable and recyclable products which substitute more carbon intensive products.. In addition, the European pulp and paper industry produces bioenergy with highly efficient combined heat and power generation. Further increasing the efficiency of the wood use, the industry is developing new products based on wood to grow the bioeconomy and even more substitute fossil based materials. The mitigation potential could be further improved by further supporting the growth of forests, dynamic forestry and the mobilisation of wood, the use of wood-based products, high value added products, the cascading use principle and strengthening innovation in new bio-based products.

Accurately accounting the emissions/removals from the sector is crucial to demonstrate that European forests and the use of its products have a positive contribution to climate change, as forests absorb carbon from the atmosphere and sequester it. Harvested wood products store carbon and substitute fossil based products. Along the chain, wood, harvesting residues and industrial residues are also used to produce bioenergy substituting fossil fuels. (Replacing fossil fuels by bioenergy is an interim target on the way to bio-based value chains creating high value added from products, materials and fuels.)

In the last decades, **forests in Europe have been growing both in surface and in growing stock**. Looking ahead, Chapter 9 of the 4<sup>th</sup> Assessment Report of the IPCC states: “In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit. Most mitigation activities require up-front investment with benefits and co-benefits typically accruing for many years to decades. The combined effects of reduced deforestation and degradation, afforestation, forest management, agro-forestry and bioenergy have the potential to increase from the present to 2030 and beyond”. The combined climate change mitigation effect should be maximised. Therefore disproportionate measures on one of these elements should be avoided.

In this context CEPI and its members welcome the recognition of forests and forest products in the EU’s new climate and energy policy framework 2020-2030 and the inclusion of the land use, land use change and forestry sector in the framework.

Even though the proposal is on a 10 year period, it should incentivise the long term carbon benefits of forests and the bio-economy. The inclusion should not lead to an optimisation for the 2020 to 2030 period. In the long term, Europe will need more wood products.

The regulation should provide a framework incentivising Member States to promote a forest management, which increases the capacity of its forests to take carbon out of the atmosphere and at the same time store it in products that substitute fossil products.

#### **The Commission proposal includes several positive principles:**

- Emissions from the land use sector are reported when harvesting takes place. **Carbon emissions should be accounted once**. Emissions from the combustion of biomass should therefore be accounted as zero to avoid double counting. This also ensures the climate effect of the wood use is allocated to the country in which the trees are harvested.
- **Harvested Wood Products (HWP) are recognised as carbon pools contributing to the mitigation efforts**. We believe this is a very important element of the framework, as HWP provide a mitigation potential well below the 2020-2030 period.
- Flexibility between LULUCF and the effort sharing sector is limited to afforestation. This gives Member States with potential for afforestation the possibility to use this abandoned land for afforestation. The potential for afforestation is varying strongly between Member States. However, we believe it is not necessary to limit this flexibility to 280 million tons of CO<sub>2</sub>. **There should not be flexibility between LULUCF and effort sharing sector for forest management**.
- We believe that the Commission should continue work towards international progress in carbon accounting and encourage other world regions to account for their emissions from LULUCF, particularly countries from which the EU is sourcing wood for bioenergy and products. **A credible and though workable scheme in Europe could facilitate the uptake of similar initiatives in other world regions**. Such bottom-up approach has proven successful in the Paris agreement.

- **Finally we welcome the fact that the proposal is directed to the Member States rather than smaller entities.** This ensures the contribution from forestry is regarded upon in landscape approaches and with long time frames.

### **The Commission proposal contains provisions to be improved.**

The framework should be comprehensive and as flexible as possible to further allow Member States to develop policies based on their national conditions.

- **Forest management reference levels should be set on the basis of long timeframes** in order to better reflect trends and responses to climate change policies and measures already in force. These timeframes should enable reference levels to emphasise the impact of most recent policy instruments affecting forest resources, forest management and use of forest products in the country.
- **The setting of projections based on reference levels has to be credible and transparent and should be based on subsidiarity in forest related issues.** The European Commission's role should be focused on ensuring harmonised country established reference levels and on ensuring credibility and transparency rather than a centralised recalculation on those national elements.

The criteria for the establishment of forest reference levels should be reviewed and better focused on carbon relevant criteria. **Biodiversity conservation is already addressed in specific EU and national legislation and this should be reflected in policy.**

The option chosen by the Commission is based on the no-debit rule. CEPI believes the no-debit rule is crucial in the LULUCF proposal to demonstrate that the forest sector acts as a sink. However, we believe that Member States demonstrating they harvest less than the net annual increment should not be sanctioned.