

Opinion of the European Committee of the Regions — Revision of LULUCF and Effort Sharing regulations

(2022/C 301/17)

Rapporteur:	Åsa ÅGREN WIKSTRÖM (SE/EPP), Member of Västerbotten County Council
Reference documents:	<p>Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review</p> <p>COM(2021) 554</p> <p>Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement</p> <p>COM(2021) 555</p>

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review

COM(2021) 554

Amendment 1

Recital 7

Text proposed by the European Commission	CoR amendment
(7) <i>The Communication of 17 September 2020 on Stepping up Europe's 2030 climate ambition³³ outlined an option to combine agriculture non-CO₂ greenhouse gas emissions with land use, land use change and forestry net removals, thus creating a newly regulated land sector. Such combination can promote synergies between landbased mitigation actions and enable more integrated policymaking and policy implementation at national and Union level. To this end, the obligation for Member States to submit integrated mitigation plans for the land sector should be reinforced.</i>	<i>Deleted</i>

Reason

Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 2

Recital 8a (new)

Text proposed by the European Commission	CoR amendment
	(8a) Cropland, grassland and wetlands are currently net emitters of greenhouse gases in the Union, but have the potential to become a source of net removals of greenhouse gases, in particular through the restoration of wetlands and peatlands.

Amendment 3

Recital 10

Text proposed by the European Commission	CoR amendment
<p>In order to enhance greenhouse gas removals, individual farmers or forest managers need a direct incentive to store more carbon on their land and their forests. [...] [...]Such incentives and business models will enhance climate mitigation in the bio-economy, including through the use of durable harvested wood products, in full respect of ecological principles fostering biodiversity and the circular economy. Hence, new categories of carbon storage products should be introduced in addition to the harvested wood products. The emerging business models, farming and land management practices to enhance removals contribute to a balanced territorial development and economic growth in rural areas. [...]</p>	<p>In order to enhance greenhouse gas removals, individual farmers or forest managers need a direct incentive to store more carbon on their land, in their forests and in carbon storage products. [...] [...]Such incentives and business models will enhance climate mitigation in the bioeconomy, including through the use of durable harvested wood products and the substitution of fossil- or carbon-intensive materials, in full respect of ecological principles fostering biodiversity and the circular economy. Hence, new categories of all carbon storage products, including new innovative solutions, and bioenergy with carbon capture and storage, should be introduced in addition to the harvested wood products. Estimates on the mitigation potential of substituting fossil- or carbon-intensive materials with wood should also be provided by Member States. The emerging business models, further development of bioenergy with carbon capture and storage technologies, farming and land management practices to enhance removals and long-term investments in the bioeconomy contribute to a balanced territorial development and economic growth in rural areas. [...]</p>

Reason

The climate impact of innovative bio-based products should be fully considered. All relevant categories should be included such as pulp, paper, paper board, veneer, fibreboard, particle board, planks, engineered wood, textiles, composites, lignin, chemicals, biochar and other biogenic carbon products.

The EU's climate target is to be carbon neutral, with fossil fuel emissions essentially eradicated by 2050. Academics and modellers (e.g. UN and IPPC) agree that, without deploying technology-based carbon removals, it is unlikely that we will be able to reach the goals of the Paris Agreement. Bioenergy with carbon capture and storage (BECCS) is the process of extracting bioenergy from biomass and capturing and storing the carbon, thereby removing it from the atmosphere.

Including BECCS in the Regulation is logical as biogenic emissions come from renewable sources grown on land. Using the same accounting framework for all carbon storage products, emissions and carbon removals from this sector will help to avoid double-counting.

Amendment 4

Recital 11a (new)

Text proposed by the European Commission	CoR amendment
	<p>(11a) <i>Considering that sustainable forest management enhances carbon sequestration and counters forest-ageing and natural disasters, which are among the factors contributing to the decreasing carbon removals in the land sector in recent years, this Regulation should encourage sustainable forest management practices, in all forest types in the EU, that contribute to climate mitigation and adaptation, as outlined in the EU Forest Strategy for 2030.</i></p>

Reason

Overly constraining the possibilities of active forest management would leave forests more vulnerable to damages such as fires and pest outbreaks as well as reduce forests' long-term carbon sequestration potential.

Amendment 5

Article 1 — paragraph 1 — point 1

Regulation (EU) 2018/841

Article 1 — paragraph 1 — point (e)

Text proposed by the European Commission	CoR amendment
<p>(e) commitments of Member States to take the necessary measures aiming towards the collective achievement of climate-neutrality in the Union by 2035 in the land use, land use change and forestry sector including emissions by the non-CO₂ agriculture.;</p>	<p>(e) commitments of Member States to take the necessary measures aiming towards the collective achievement of climate-neutrality in the Union by 2035 in the land use, land use change and forestry sector;</p>

Reason

The CoR is concerned that a combined land use and non-CO₂ agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 6

Article 1 — paragraph 1 — point 2

Regulation (EU) 2018/841

Article 2 — paragraph 2 — introductory part

Text proposed by the European Commission	CoR amendment
<p>2. This Regulation also applies to emissions and removals of the greenhouse gases listed in Section A of Annex I, reported pursuant to Article 26(4) of Regulation (EU) 2018/1999 and occurring on the territories of Member States in the period from 2026 to 2030, in any of the following land reporting categories and/or sectors:</p>	<p>2. This Regulation also applies to emissions and removals of the greenhouse gases listed in Section A of Annex I, reported pursuant to Article 26(4) of Regulation (EU) 2018/1999 and occurring on the territories of Member States in the period from 2026 onwards, in any of the following land reporting categories and/or sectors:</p>

Reason

The CoR is concerned that a combined land use and non-CO₂ agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 7

Article 1 — paragraph 1 — point 2

Regulation (EU) 2018/841

Article 2 — paragraph 3

Text proposed by the European Commission	CoR amendment
<p>3. This Regulation also applies to emissions and removals of the greenhouse gases listed in Section A of Annex I, reported pursuant to Article 26(4) of Regulation (EU) 2018/1999 and occurring on the territories of Member States from 2031 and onwards, in any of the land categories listed in paragraph 2, points (a) to (j) and in any of the following sectors:</p> <p>(a) enteric fermentation;</p> <p>(b) manure management;</p> <p>(c) rice cultivation;</p> <p>(d) agricultural soils;</p> <p>(e) prescribed burning of savannas;</p> <p>(f) field burning of agricultural residues;</p> <p>(g) liming;</p> <p>(h) urea application;</p> <p>(i) ‘other carbon-containing fertilizers’;</p> <p>(j) ‘other’.’;</p>	<p>Deleted</p>

Reason

The CoR is concerned that a combined land use and non-CO₂ agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 8

Article 1 — paragraph 1 — point 3

Regulation (EU) 2018/841

Article 4 — paragraph 2

Text proposed by the European Commission	CoR amendment
<p>2. The 2030 Union target for net greenhouse gas removals is 310 million tonnes CO₂ equivalent as a sum of the Member States targets established in accordance with paragraph 3 of this Article, and shall be based on the average of its greenhouse gas inventory data for the years 2016, 2017 and 2018.</p> <p>[...]</p>	<p>2. The 2030 Union target for net greenhouse gas removals is 310 million tonnes CO₂ equivalent as a sum of the Member States targets established in accordance with paragraph 3 of this Article, and shall be based on the average of its greenhouse gas inventory data for the years 2016, 2017 and 2018.</p> <p>[...]</p> <p><i>By 30 June 2024 each Member State shall set a national contribution to the 2030 net greenhouse gas removals target referred to in paragraph 2 of this Article that is higher than the national target set out in Annex IIa. Such contribution may be included in the integrated national energy and climate plans submitted pursuant to Article 14 of Regulation (EU) 2018/1999.</i></p> <p><i>The national contribution shall include information and goals regarding lowering emissions or increasing removals of greenhouse gases from cropland, grassland and wetlands in relation to the reported data for 2016, 2017 and 2018.</i></p>

Reason

The CoR supports an ambitious, fair, and inclusive LULUCF target to help ensure the achievement of the EU climate objectives. Local and regional authorities are aware of the consequences of climate change on the ground and support ambitious and fair climate actions.

Amendment 9

Article 1 — paragraph 1 — point 3

Regulation (EU) 2018/841

Article 4 — paragraph 3

Text proposed by the European Commission	CoR amendment
<p>3. [...] These national trajectories shall be based on the average greenhouse gas inventory data for the years 2021, 2022 and 2023, reported by each Member State. The value of the 310 million tonnes CO₂ equivalent net removals as a sum of the targets for Member States set out in Annex IIa may be subject to a technical correction due to a change of methodology by Member States. The method for determination of the technical correction to be added to the targets of the Member States, shall be set out in these implementing acts. [...]</p>	<p>3. [...] These national trajectories shall be based on the average greenhouse gas inventory data for the years 2021, 2022 and 2023, reported by each Member State. The value of the Member State target set out in Annex IIa and the 310 million tonnes CO₂ equivalent net removals as a sum of the targets for Member States set out in Annex IIa may be subject to a technical correction due to a change of methodology by Member States. The technical correction to be added to the target of a Member State should correspond to the effect of the change in methodology and data sources on the targets and be set out in these implementing acts. [...]</p>

Reason

It is important that Member States continuously work to improve their methodology and that these improvements are also reflected in the target assessment to avoid unproportionally low or high targets. A continuous development of methods to provide activity data and refined emission factors is in line with current reporting practice. Member States should therefore be encouraged to use new results from domestic research as well as updated guidelines from the IPCC and other international published research.

Amendment 10

Article 1 — paragraph 1 — point 3

Regulation (EU) 2018/841

Article 4 — paragraph 4

Text proposed by the European Commission	CoR amendment
<p>4. The Union-wide greenhouse gas emissions in the sectors set out in Article 2(3), points (a) to (j), shall aim to be net zero by 2035 and the Union shall achieve negative emissions thereafter. The Union and the Member States shall take the necessary measures to enable the collective achievement of the target for 2035.</p> <p>The Commission shall, by 31 December 2025 and on the basis of integrated national energy and climate plans submitted by each Member State pursuant to Article 14 of Regulation (EU) 2018/1999 by 30 June 2024, make proposals for the contribution of each Member State to the net emissions reduction.;</p>	<p>Deleted</p>

Reason

The CoR is concerned that a combined land use and non-CO₂ agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 11

Article 1 — paragraph 1 — point 7 — point b

Regulation (EU) 2018/841

Article 9 — paragraph 2

Text proposed by the European Commission	CoR amendment
<p>paragraph 2 is replaced by the following:</p> <p>‘2. The Commission shall adopt delegated acts in accordance with Article 16 in order to amend paragraph 1 of this Article and Annex V by adding new categories of carbon storage products, including harvested wood products, that have a carbon sequestration effect, based on IPCC Guidelines as adopted by the Conference of the Parties to the UNFCCC or the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement, and ensuring environmental integrity.’;</p>	<p>paragraph 2 is replaced by the following:</p> <p>‘2. The Commission shall, <i>in the near future</i>, adopt delegated acts in accordance with Article 16 in order to amend paragraph 1 of this Article and Annex V by adding new categories of carbon storage products, including harvested wood products, <i>bioenergy with carbon capture and storage and all other relevant bio-based product categories</i>, that have a carbon sequestration effect, based on IPCC Guidelines as adopted by the Conference of the Parties to the UNFCCC or the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement, and ensuring environmental integrity.’;</p>

Reason

The climate impact of innovative bio-based products should be fully considered. All relevant categories should be included such as pulp, paper, paper board, veneer, fibreboard, particle board, planks, engineered wood, textiles, composites, lignin, chemicals, biochar, and other biogenic carbon products.

Amendment 12

Article 1 — paragraph 1 — point 14

Regulation (EU) 2018/841

Article 13c — paragraph 1 — subparagraph 2

Text proposed by the European Commission	CoR amendment
<p><i>An amount equal to the amount in tonnes of CO₂ equivalent of the excess greenhouse gas net emissions, multiplied by a factor of 1,08, shall be added to the greenhouse gas emission figure reported by that Member State in the following year, in accordance with the measures adopted pursuant to Article 15.’;</i></p>	<p><i>Deleted</i></p>

Reason

The CoR is concerned that annual reporting requirements could affect the local and regional level by allowing Member States to counteract unforeseen annual variations, by decisions on rapid change of management activities and land use. This can negatively affect the ability of the local and regional level to develop their own bioeconomy.

The LULUCF sector is characterised by natural fluctuations and uncertainties in measuring carbon flows. It is not possible for a Member State to control the carbon flows of the land sector pools for each year. Therefore, it is not possible to set yearly targets and impose infringements on non-compliance on a yearly basis.

Amendment 13

Article 1 — paragraph 1 — point 15

Regulation (EU) 2018/841

Article 14 — paragraph 1

Text proposed by the European Commission	CoR amendment
<p>[...]</p> <p>The compliance report shall include an assessment of:</p> <p>a) the policies and measures regarding trade-offs;</p> <p>b) the synergies between climate mitigation and adaptation;</p> <p>c) synergies between climate mitigation and biodiversity.</p> <p>[...]</p>	<p>[...]</p> <p>The compliance report shall include an assessment of:</p> <p>a) the policies and measures regarding trade-offs;</p> <p>b) the synergies between climate mitigation and adaptation;</p> <p>c) synergies between climate mitigation and biodiversity.</p> <p>d) synergies between climate mitigation, adaptation and bioeconomy development, including estimates on the GHG savings associated with the substitution of carbon- and fossil-intensive materials with wood-based materials.</p> <p>[...]</p>

Reason

Supporting the use of all forest-based products speeds up the transition towards a circular bioeconomy that replaces fossil-based materials and emissions. It should be noted that the substitution benefit (that is, the reduction of emissions associated with the production of wood-based products versus other functionally equivalent materials and products) is associated with both long-lived wood products and fibre-based products.

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement

COM(2021) 555

Amendment 14

Recital 6a (new)

Text proposed by the European Commission	CoR amendment
	<p><i>The achievement of the objective of climate-neutrality by 2050 at the latest can be hindered by an excessive divergence in the Member States' Effort Sharing Targets; in the context of the 2021-2027 period, the programming of Cohesion policy Funds, and namely of the European Regional Development Fund, of the Cohesion Fund, and of the Just Transition Fund should envisage tailored Programmes, priority axis, strategies and territorial plans also aimed at boosting the capacities of Member States in GHG emission reduction in the sectors regulated by Regulation 2018/842 and thus at contributing to a better convergence in their targets already in this programming period.</i></p>

Amendment 15

Recital 18a (new)

Text proposed by the European Commission	CoR amendment
	<p>(18a) <i>Keeping 1,5 °C within reach and ensuring climate justice require a collective effort of all sectors of the economy, including from agriculture. In its long-term strategic vision for a prosperous, modern, competitive and climate-neutral economy ⁽¹⁾, the Commission has confirmed that non-CO₂ GHG emissions from agriculture could be reduced to 211 MtCO₂e in 2050, thereby reducing the need for unsustainable negative emissions technologies to reach net-zero GHG emissions. However, some sectors under this Regulation have made very little progress in the past years. Minimum sector contributions to the achievement of the EU-level greenhouse gas emissions reduction target set by this Regulation for the year 2030 and beyond, accompanied by proper monitoring, Reporting and measures by the Commission, would work to ensure that all ESR sectors contribute to the timely achievement of climate objectives. Regulation (EU) 2018/1999 of the European Parliament and of the Council requires Member States to develop long-term strategies contributing to the fulfilment of the Member States' commitments to the Paris Agreement objectives and the achievement of long-term GHG emission reductions and enhancements of removals by sinks in all sectors in line with the Union's climate neutrality objective. These strategies, as well as other Member State plans and reports under Regulation (EU) 2018/1999, will be used by the Commission to set and monitor the collective achievement of EU-level ESR sector targets.</i></p> <p>⁽¹⁾ <i>Communication from the Commission to the European parliament, The European Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank 'A Clean Planet for all — A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy'</i></p>

Amendment 16

Article 1 — paragraph 1 — point 3a (new)

Regulation (EU) 2018/842

Article 4 — paragraphs 3a new

Present text	CoR amendment
	<p>(3a) in Article 4 the following paragraph 3a is added:</p> <p>Member State emissions reduction targets for the year 2030 and beyond</p> <p>In order to achieve the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 ('European Climate Law'), and the Union-wide climate target for 2040 pursuant to Regulation (EU) 2021/1119, the Commission shall make a legislative proposal by the end of 2025, as appropriate, based on a detailed impact assessment, to amend this Regulation to introduce minimum sector contributions to the achievement of the EU-level greenhouse gas emissions reduction target set by this Regulation for the year 2030 and beyond, accompanied by proper monitoring, reporting and measures to ensure that all sectors under this Regulation contribute to the timely achievement of climate objectives.</p>

Reason

Ensuring that all sectors contribute to GHG emissions' reduction.

Amendment 17

Article 1 — paragraph 1 — point 3b (new)

Regulation (EU) 2018/842

Article 5 — paragraphs 1 and 2

Present text	CoR amendment
<p>1. In respect of the years 2021 to 2025, a Member State may borrow a quantity of up to 10 % from its annual emission allocation for the following year.</p> <p>2. In respect of the years 2026 to 2029, a Member State may borrow a quantity of up to 5 % from its annual emission allocation for the following year.</p>	<p>(3b) In Article 5, paragraphs 1 and 2 are replaced by the following:</p> <p>'1. In respect of the years 2021 to 2029, a Member State may borrow a quantity of up to 5 % from its annual emission allocation for the following year.'</p>

Reason

To ensure implementation of the regulation, it is advisable to reduce flexibility in order to prevent short-term respites afforded by borrowing from giving rise to medium-term implementation problems, also for local and regional authorities that are often not directly involved in national decisions on flexibility.

Amendment 18

Article 1 — paragraph 1 — point 3c (new)

Regulation (EU) 2018/842

Article 5 — Paragraph 4

Present text	CoR amendment
<p>4. A Member State may transfer up to 5 % of its annual emission allocation for a given year to other Member States in respect of the years 2021 to 2025, and up to 10 % in respect of the years 2026 to 2030. The receiving Member State may use that quantity for compliance under Article 9 for the given year or for subsequent years until 2030.</p>	<p>(3c) In Article 5, paragraph 4 is replaced by the following:</p> <p>4. A Member State may transfer up to 5 % of its annual emission allocation for a given year to other Member States in respect of the years 2021 to 2030. The receiving Member State may use that quantity for compliance under Article 9 for the given year or for subsequent years until 2030.</p>

Reason

Transfers should be limited to ensure effective implementation in all Member States. It should be underlined that a single Member State with potential for transfer might have regional disparities. Regional challenges should be taken into account before considering transfers to other countries.

Amendment 19

Article 1 — paragraph 1 — point 5a (new)

Regulation (EU) 2018/842

Article 8

Present text	CoR amendment
<p>1. If the Commission finds, in its annual assessment under Article 21 of Regulation (EU) No 525/2013 and taking into account the intended use of the flexibilities referred to in Articles 5, 6 and 7 of this Regulation, that a Member State is not making sufficient progress towards meeting its obligations under Article 4 of this Regulation, that Member State shall, within three months, submit to the Commission a corrective action plan that includes:</p> <p>[...]</p>	<p>(5a) Article 8 is replaced by the following:</p> <p>1. If the Commission finds, in its annual assessment under Article 21 of Regulation (EU) No 525/2013 and taking into account the intended use of the flexibilities referred to in Articles 5, 6 and 7 of this Regulation, that a Member State is not making sufficient progress towards meeting its obligations under Article 4 of this Regulation, that Member State shall, within three months, submit to the Commission a corrective action plan that includes:</p> <p>[...]</p>

Present text	CoR amendment
<p>2. In accordance with its annual work programme, the European Environment Agency shall assist the Commission in its work to assess any such corrective actions plans.</p> <p>3. The Commission may issue an opinion regarding the robustness of the corrective action plans submitted in accordance with paragraph 1 and shall in that case do so within four months of receipt of those plans. The Member State concerned shall take utmost account of the Commission's opinion and may revise its corrective action plan accordingly.</p>	<p><i>(c) in case of significant regional disparities in performance or serious structural challenges at regional level, and in the case of certain island territories, the corrective action plan shall include specific provisions for these problems.</i></p> <p>[...]</p> <p>2. In accordance with its annual work programme, the European Environment Agency shall assist the Commission in its work to assess any such corrective actions plans.</p> <p>3. The Commission may issue an opinion regarding the robustness of the corrective action plans submitted in accordance with paragraph 1 and shall in that case do so within four months of receipt of those plans. The Member State concerned shall take utmost account of the Commission's opinion and may revise its corrective action plan accordingly. <i>The Member State shall publish the Commission's opinion and shall ensure its dissemination among local and regional authorities.</i></p> <p><i>4. The Member State shall ensure publication of the corrective action plan and potential reviews and dissemination among local and regional authorities.</i></p>

Reason

Action plans to solve problematic situations need to include measures for the regional level if regional problems are a significant cause of the situation. Local and regional authorities need to be informed about action plans to fully contribute to climate policy.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. is aware of the devastating effects of climate change on local communities and recognises the need for strong actions to achieve the necessary EU climate targets. The CoR supports a high-level commitment on LULUCF but also reiterates the need for flexibility in way of achieving targets;
2. takes the view that local and regional authorities undoubtedly have a decisive role in the sectors covered by the Effort Sharing Regulation ⁽¹⁾ and the LULUCF Regulation ⁽²⁾, as these regulations require the inclusion of the territorial dimension. These are areas where local and regional authorities could be active, in view of their legal responsibilities and powers;
3. calls for the measures in the LULUCF Regulation to be kept in line with the objectives of the Biodiversity Strategy and the EU Strategy on Adaptation to Climate Change. In order to achieve the climate goals, it is essential that every Member State, in cooperation with local and regional authorities, implement a legal framework regarding forests that ensures a balance between production, biodiversity and protection;

⁽¹⁾ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

⁽²⁾ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1).

4. emphasises that transition must not come at the cost of territorial cohesion and must not put at risk the most vulnerable groups and territories. All Member States and sectors of the economy contribute to achieving the CO₂ emission reductions, balancing considerations of fairness and solidarity. In this regard, considers that territorial impact assessments on individual farmers and foresters could provide a clearer overview of the real costs and benefits;
5. strongly opposes that the proposal mainly focuses on forests as carbon sinks, not considering their role in providing sustainable raw material for substitution of fossil alternatives, thus failing to appreciate the full potential of the forestry sector in climate change mitigation and in the development of the local and regional bioeconomy;
6. points out that energy recovery from wood biomass needs to be reduced in order to meet the targets in the LULUCF sector. Cascading use should be prioritised, with biomass being used more than once as a material of the highest possible quality before being used for energy;
7. emphasises that the increased ambitions in the LULUCF-sector must not lead to imports of raw material of uncertain origin from outside the EU. This could mean that the measures taken to enhance the net sink in the LULUCF sector may not lead to any real improvements for the climate globally. A broader system perspective is needed to take a holistic approach to how carbon sequestration in the forest, product use and bioenergy from the forest can help reduce climate impact;
8. shares the Commission's assessment that the negative trend of a reduction in the carbon sink in the EU needs to be counteracted as part of achieving the long-term goal of climate neutrality; agrees with the proposed EU target of net uptake of 310 Mt CO₂-eq by 2030 and proposes an additional national contribution to the 2030 net target higher than the national targets set out in Annex IIa to be set individually by the Member States. The potential to increase net carbon uptake and reduce greenhouse gas emissions in the LULUCF sector varies widely between Member States. It depends on the natural production capacity of the land and the distribution of the total land area on different land use categories. The CoR believes that the increased ambitions by 2030 should be at a level that is compatible with Member States' domestic climate policy framework and enables the development of the bioeconomy in each Member State;
9. believes that a common sector for agriculture and forestry risks reducing the pressure to lower emissions in the agricultural sector and that forest-rich countries with large net uptake in forests will 'compensate' for emissions in countries with a large agricultural sector or fossil emissions in general. Measures to mitigate climate change should be taken in each sector and country based on its specific conditions;
10. stresses that the LULUCF Regulation should not be extended to the monitoring and reporting of other policy areas, which are governed by other legislation. The Commission's proposal that LULUCF reporting should include information on the conservation of carbon in carbon rich soils, areas with high biodiversity, restored soils and soils at risk of natural disturbance does not improve the quality of the greenhouse gas reporting of the LULUCF sector;
11. emphasises that funding coming from Member States does not come at the expense of regions. The CoR recognises the need to inform local and regional authorities of the funding possibilities to support climate action;
12. warns about the risk of ineffective implementation. The CoR supports the planned review and the need to consider the consequences of the Covid-19 pandemic but underlines the need to ensure that the trajectories proposed by the ESR Regulation are followed;
13. urges the Commission to set out a methodology for regional and local authorities to be able to calculate their emission reduction efforts in a way that is consistent with national goals and avoids disproportionate distortions;
14. highlights the risks of excessive flexibility as regards borrowing from annual allocations and transfers between Member States. Local and regional authorities need certainty to plan their climate and economic policies. National situations that allow flexibility under the regulation might include significant regional disparities;

15. recognises the need for solutions, in particular revenue generating incentives, to the problem of those regions which may experience difficulties or decline in the necessary transition to a low-carbon economy; underlines the importance of involving local and regional authorities in developing sustainable development trajectories which could stimulate the economy of these regions;
16. supports stronger provisions on corrective action plans and transparency underlining the regional dimension, requiring specifications on how to deal with regional disparities promoting practical solutions to regional challenges;
17. stresses the importance of compliance checks and suggest assessing the possibility of financial penalties in case of lack of compliance. Revenues from penalties should be reinvested in climate action and just transition with a specific focus on regional challenges;
18. suggests reflection on the Safety Reserve for Member States with low GDP per capita. GDP is already considered when establishing national targets and is questionable as sole value as it does not take into consideration the whole picture of the situation of regions and does not necessarily go hand-in-hand with the complex development needs of a territory.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions
Apostolos TZITZIKOSTAS
