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From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Draft Regulation of the European Parliament and of the Council 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 **(first reading)**

- Adoption of the legislative act
- Statements

Statement by Latvia and Lithuania

Latvia and Lithuania appreciate the Estonian Presidency's efforts to integrate land use, land use change and forestry (LULUCF) sector into the post 2020 climate change policy framework.

However, in noting the final compromise text, both countries have concerns about the mandatory accounting obligations for wetlands starting from 2026.

The importance of wetlands as effective ecosystems for carbon storage should be recognized.

However, geographical conditions determine a significantly higher proportion of wetlands in Northern Europe and in some Western European countries compared to the EU average.

This accordingly makes these lands especially important for setting climate targets (and the fulfilment of the no-debit rule) as well as for effective and sustainable resource management.

According to the United Nations Framework Convention on Climate Change (UNFCCC) framework, countries are encouraged to use the recent technical guidance from the “2013 Supplement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories: Wetlands” to report their emissions and removals from managed wetlands. Progress in the implementation of the 2013 Wetland Supplement Guidelines varies among the EU Member States.

The importance of countries` progress in implementing the 2013 Wetland Supplement increases when mandatory accounting for wetlands is applied since in this case the comparability of target achievement and financial implication issues are involved.

To secure a robust and transparent accounting system all Member States should use the same guidelines on wetlands before mandatory accounting is applied.

In addition, serious efforts and sufficient time has to be allowed for Member States in order:

To obtain precise national data on wetland management and to decrease uncertainties. Substantial work is still required in this regards; and

To obtain national factors for regions (temperate zone) especially because national factors in the 2013 Wetland Supplement Guidelines have high uncertainties. Appropriate EU level scientific and methodological support should be provided for Member States.

Considering the above-mentioned circumstances, we urge the European Commission during the forthcoming revisions of this Regulation to take into account the possible lack of precise data and national emission factors for estimating emissions and removals under wetland management as well as to ensure that Member States have sufficient time to improve them.

Statement by Poland

Poland expresses deep disappointment with the adopted version of the *Regulation of the European Parliament and of the Council on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU*. The fact that forest ecosystems are the largest and the most important carbon sink in Europe is not properly reflected in the proposed legislation. Setting the Forest Reference Level (FRL) for managed forest land on the basis of a short period between 2000 and 2009 is an arbitrary decision to the benefit of some countries and to the detriment of others as the period was not representative enough for the management of their forests. Furthermore, an inappropriate picture of forestry in Member States has been created since the accounting system is based on such a constructed FRL, and since the distribution key of the compensation mechanism uses the forest cover parameter as its basis, despite that this is only one of many parameters related to the forestry sector. The abovementioned accounting methodology may lead to generating debits despite the situation in which forest biomass resources will grow as a result of real net removals.

If the long-term climate benefits provided by forest ecosystems are not sufficiently recognized and are accounted as emissions, despite that the amount of harvested timber is much lower than the annual increment, the planned investments in the forestry and timber sector will be very limited. This places a question mark over the role of forests and timber in the future green economy in the EU. The EU should promote the use of EU forest resources as not only is it an environment-friendly solution, but also contributes to the increase of the role of forests in the bioeconomy and sustainable development of the region. Limiting harvesting in the EU will inevitably lead to the increase in the import of wood materials from outside the EU.

Furthermore, Poland is also deeply concerned with the current structure of the accounting framework regarding the compensation mechanism for managed forest land (Art. 11 para.1) as it will deprive a Member State of the possibility to use the flexibility mechanism between the LULUCF and ESR sectors, subject to Article 7 and the limits defined in Annex III ESR. The use of units from the compensation mechanism implies the resignation from the use of Article 7 of the ESR Regulation.

According to Poland's understanding, this contradicts the initial intention to strengthen the role of the forestry sector in the implementation of the EU climate policy, as there is a justified risk that the above-mentioned conditions for use of the compensation mechanism for managed forest land have been specified so as to reduce the scale of the use of individual limits in the ESR – LULUCF flexibility, which would then constitute an additional element of increasing the reduction target. The above-mentioned, along with the condition of achieving a no-debit rule on the EU level, causes great concern, because the fulfillment of this condition is largely beyond the control of a given Member State, which, in the view of Poland, should not be taking place.

Statement by Portugal

Portugal accepts the agreement reached between the Council of the European Union and the European Parliament. However we would like to stress that a number of concerns remain regarding the approach on this sector.

As we have underlined since the beginning of this debate, the LULUCF sector should be fully integrated in the climate policy in a way that addresses and provides incentives to deliver real emission reductions and promotes carbon sequestration. The LULUCF sector is crucial in delivering carbon neutrality foreseen in the Paris Agreement and to Portugal's own carbon neutrality objective by 2050.

We also highlighted from the start the multiple opportunities and avenues to improve a system that was developed under a Kyoto Protocol architecture and which has already demonstrated to be unnecessarily complex and very limited in promoting real action.

The final outcome resulted in enhanced ambiguity, namely in the calculation of the forest reference levels. It also goes beyond the international orientation on the isolated accounting of deadwood.

These two aspects introduce complexity in this regulation making it more difficult to explain and implement.

Portugal also underlines that the mandatory accounting of wetlands will pose a significant effort for a number of Member States for whom wetlands are a negligible source of emissions.

We believe that moving beyond 2030 it will be possible to significantly improve on this model, building on the experience from its implementation and on other sound approaches that are now being followed by other countries under the Paris Agreement.
