

Cepi feedback for the inception impact assessment on the review of LULUCF regulation

The European Commission highlights the importance of a just and inclusive the transition towards the climate neutrality. Cepi welcomes the climate neutrality target 2050. Even though the climate target 2030 has been increased to 55%, Cepi stresses the need to avoid relying on the sink function of the forest to meet the target. Instead, Cepi is of the view that the revision of the climate policy pillars of the EU should consider the inclusion of the substitution effect on the accounting and reporting of emissions and removals.

Currently available flexibility between LULUCF and ESR provides other sectors with the possibility to avoid reducing emissions by taking advantage of the sink in forests. Potential flexibility between ETS and LULUCF carries the risk that sectors outside the forest-based value chain use the sink function of forests as a compensation rather than reducing their emissions.

Cepi supports the initiative of creating more forests in Europe. Potential carbon farming schemes - if related to forests – should therefore incentivise solely afforestation. Ensuring a sustainable supply of home-grown raw materials from actively and sustainably-managed forests is also necessary. It is crucial to avoid possible carbon leakage effects and, in the worst case, deforestation outside the Union caused by increased raw material imports in case European sources cannot be utilised for the bioeconomy in their full capacity.

Another risk of a too strong reliance on the forests' sink function is the likelihood of increased natural disturbances in the near future.

It is of utmost importance that the initiative takes into account the ongoing COVID-19 crisis and the recovery period by emphasising the importance of economic and social benefits of increased wood mobilisation. Cepi welcomes the Commission's aim to find solutions for simplifying LULUCF accounting rules and address the importance of impact assessment of different policy options including the transition to the bioeconomy.

The implementation of the EU biodiversity strategy on forestry and forest in non-EU countries should be taken into account prior to making proposals that could possibly hinder the use of local home grown sustainably-managed forest resources. These initiatives include the promotion of uses such as nature-based solutions and closer-to-nature-forestry mentioned in the inception impact assessment. Cepi highlights the importance of supporting active and timely sustainable forest management which ensures the delivery of the multiple ecosystem services that European forests provide.

Cepi would like to emphasise that the acceleration of CO₂ sequestration is an important part of the climate benefits of forests and the forest-based sector, alongside the carbon storage in products and material substitution. This should be properly taken into account. Future accounting and reporting of Harvested Wood Products (HWP) should incentivise all future innovative products from packaging to textiles, beyond current saw wood, panels and paper LULUCF HWP categories.

Regarding the policy options under investigation, Cepi would like to underline the importance of the current LULUCF target, encouraging the emissions and removals from the LULUCF

sector should be in balance by 2050. A potential LULUCF target focusing on the sink while not taking into account the substitution effect could lead to trade-offs with the circular bioeconomy. This would prevent the European forest and forest-based sector¹ tapping into its full climate change mitigation and adaptation potential.

¹ https://www.cepi.org/wp-content/uploads/2020/07/Cepi_-study.pdf