



Considerations of the EU forest-based sector on the report of the amended LULUCF regulation

European forests and the forest-based sector play a key role in achieving the EU climate neutrality target by contributing to fossil-free bioeconomy while keeping forests healthy due to active, sustainable forest management. This is why the forest-based sector in Europe is closely following the discussion on the proposal for a new Regulation on the accounting of greenhouse gas emissions and removals from Land Use, Land Use Change and Forestry (LULUCF).

Forest owners, managers and the forest-based industries in Europe have analysed the draft report proposed by MEP Ville Niinistö (FI/Greens) and would like to share some considerations.

The European forest-based sector supports the idea of not bringing emissions from agriculture into LULUCF (Amendment 26). Since the LULUCF and agriculture sectors are very different in terms of greenhouse gas emissions and removals, the merge of agriculture, forestry and land use could lead to the forest sector offsetting emissions from other sectors. To reach ambitious climate targets, all sectors need to do their share and forests' role should not be compensating emissions from other sectors.

At the same time, the European forest-based sector wants to raise several concerns regarding the draft report:

- The general approach of overprioritizing carbon sinks over cutting fossil emissions would not only undermine the ongoing climate change mitigation and adaptation efforts in the long term, but could also turn forests into a source of emissions as unmanaged forests are at higher risk in terms of natural disturbances. Discouraging forest owners and managers from managing their forests would also have negative impacts on the supply of wood products, wood availability and job creation in rural areas. The European forest-based sector is therefore calling for a comprehensive impact assessment where the economic and social aspects of the new LULUCF regulation are also assessed.
- Amendments (8, 10, 28, 30, 57, 74): The proposed level of an EU wide carbon removal target of 490 Mt of CO₂eq would mean leaving substantial part of the forests unmanaged and postponing necessary, well-planned forest management operations as well as reducing renewable materials needed to meet the challenge of decarbonising the European economy

by substituting fossil-based materials. Already to keep the current level (-268Mt) of EU carbon removals by 2030, some Member States may have to decrease their harvesting levels which could have severe consequences on the economic viability of the entire sector, including on land tenure and local forest owners' and managers' engagement to manage their forests. In addition, it brings uncertainty for investors in the view of developing and growing wood-based bioeconomy. To acknowledge the fact that forests and forest-based industries help to adapt to and mitigate climate change, the EU wide carbon removal target should be set out in a more realistic way and thus recognise the true climate potential of forests also after 2030.

- Amendments (36, 37): The European forest-based sector regrets that the draft report would discourage the storage of carbon in wood products and hamper the replacement of fossil-based materials by not extending the Harvested Wood Products category to other Carbon Storage Products. This approach would not support the bioeconomy nor the objective of incentivising the use of wood products over fossil materials which is a key factor in moving from high-carbon products to low-carbon forest-based products. Representatives of the sector do not understand the rationale behind this proposal and are calling to at a minimum maintain the extension proposed by the Commission. Ideally the Commission should ensure that all relevant bio-based product categories are included in a robust and coherent framework for carbon storage and removals and develop a methodology to account for the positive substitution effects of bio-based products.
- Amendments (13, 34, 35) : The LULUCF regulation should not be extended to encompass other policy areas such as biodiversity, but focus on its main objective to set an accounting framework for carbon emissions and removals. The forest-based sector in Europe would like to remind about the ongoing work on biodiversity-related topics, in particular the implementation of the EU Biodiversity Strategy for 2030 and the Taxonomy regulation, and the challenges related to the vague definitions mentioned in the draft report by MEP Niinistö, including "closer-to-nature forestry" and "do no significant harm". Also the work on defining "primary" and "old-growth forests" is ongoing. As a general rule, concepts should not be included in EU legislation before a clear definition for them is provided and agreed upon.
- Amendment (35): The representatives of the European forest-based sector are cautious towards the proposal where Member States need to commit to using at least 5% of the public revenues generated from the auctioning of EU ETS allowances to support land managers. Such initiative to encourage carbon removals and storage should not be seen as the only way to further incentivize and remunerate forests' contribution to the EU climate objectives. It needs to be accompanied by measures which recognize and support the sustainable use of wood in a view of reduction of fossil emissions.

The undersigned organisations remain available to provide more detailed explanations:

CEPF – The Confederation of European Forest Owners

EUSTAFOR – European State Forest Association

CEI-Bois – The European Confederation of Woodworking Industries

CEPI – Confederation of European Paper Industries

EOS – The European Organisation of Sawmill Industry

UEF – Union of European Foresters

ELO – European Landowners' Organization

Ceettar – European Organisation of Agricultural, Rural and Forestry Contractors

FECOF – European Federation of Municipal and Local Community Forests

USSE – The Union of Foresters of Southern Europe
EPF – European Panel Federation
FEP – European Federation of the Parquet industry
Bioenergy Europe