Building a post-2012 global climate regime

European Union COP-15 information sheet

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Accounting for GHG emission changes from LULUCF

- *Future LULUCF accounting rules should ensure the environmental integrity of the post-2012 agreement and the permanence of mitigation actions*
- *Developed countries' emission reduction targets should not be finalised until the future LULUCF rules have been agreed and taken into account*
- *The EU is interested in forest management accounting systems based on the use of a reference level, including an environmentally robust interval or 'band'*
- *Accounting for forest management should become mandatory for all developed countries, provided appropriate flexibility is foreseen*

The rules on how developed countries are to account for GHG emissions or removals due to land use, land use change and forestry (LULUCF) are an important element of the Kyoto Protocol's architecture. Depending on how they are designed, future LULUCF accounting rules could significantly affect the ambition level of developed countries' post-2012 emission reduction targets.

LULUCF rules in the first Kyoto Protocol commitment period

- **Mandatory** accounting for **afforestation, reforestation** and **deforestation** activities.
  These are accounted for using a 'gross/net' approach (see box on next page).
- **Optional** accounting for **forest management, cropland management, land management** and **revegetation.**
  Forest management is accounted for using a 'gross/net' approach with a cap.
  The other three activities use a 'net/net' approach (see box on next page).

The European Union wants the future accounting rules to create a predictable and stable framework that encourages national policies to deliver the full potential of the LULUCF sector – comprising essentially agriculture and forestry – to mitigate emissions in developed countries.

LULUCF activities should contribute to the post-2012 climate regime by reducing emissions, protecting and enhancing carbon sinks and stocks, promoting sustainable forest and land management and ensuring the sustainable supply of biomass energy and wood products.

The future accounting system should ensure the **environmental integrity** of the post-2012 agreement and the permanence of mitigation actions. Developed countries' emission reduction targets, and the overall ambition level of the agreement, should not be finalised until the LULUCF rules have been agreed and taken into account.

Accounting for GHG flows from **forest management** – for many countries the most important element of the LULUCF sector - is currently optional. The EU considers that it should become mandatory for all developed countries under a post-2012 agreement, provided appropriate flexibility is allowed for.

Gross/net and net/net accounting approaches

Gross/net means a country's total net GHG flow from LULUCF in a given year is accounted for in its GHG balance.
Example:
LULUCF removes 11 million tonnes of CO_2 in year X.
The country books a credit of 11 million tonnes of CO_2 for year X.

Net/net means only the difference between the total net GHG flow from LULUCF in a given year and that in a defined base year is accounted for in the country's GHG balance.
Example:
In the base year, LULUCF activities removed 10 million tonnes of CO_2.
In year X these activities remove 11 million tonnes of CO_2.
The country books a credit of 1 million tonnes of CO_2 for year X.

The EU is interested in forest management accounting systems based on the use of a **reference level or 'bar'**, including an environmentally robust **interval or 'band'** (see box in next column).

The EU recognises that national circumstances may make it necessary for countries to have some flexibility in their choice of reference level. This flexibility could include allowing for the use of historical data or robust and transparent future emission projections that are open to independent review and verification. The use of **'gross/net' accounting with a discount** could also be considered.

As sustainably produced wood products are a climate-friendly material, **harvested wood products** should be included as part of the accounting rules for forests. This will require robust, transparent and consistent data and methodologies.

The accounting rules will also need to deal with emissions and removals associated with **extreme events** (*force majeure*). This will reduce the risk that Parties cannot comply with their mitigation objectives due to such events.

Forest management reference level ('bar'), with or without 'band' (interval)

The reference level is set on the basis of net emissions or removals over a past period or transparent projections of future emissions.

Reference level without 'band'
Net emissions in the commitment period compared to the reference level lead to debits for the full difference; net removals lead to credits. This is the same as net/net accounting.

Reference level with 'band'
Including an interval or 'band' creates a limited zone in which changes in emissions or removals do not lead to any debit or credit. Only emissions or removals exceeding the band are accounted for.

Forest-related activities in developing countries will be addressed through REDD - see EU information sheet *Cutting forest CO_2 emissions through action on deforestation in developing countries (REDD+).*

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