

EUSTAFOR COMMUNICATION ON THE INCLUSION OF CARBON CREDITS COMING FROM FORESTRY PROJECTS IN THE EU EMISSION TRADING SCHEME (EU ETS)

Adopted by the General Assembly of EUSTAFOR in Brussels on the 4th of March 2008¹

BACKGROUND

Climate change is happening and the overwhelming scientific consensus is that the cause is emissions of greenhouse gases from human activity. In 2005, the European Council decided that the global temperature increase has **to be limited to 2°C above pre industrial levels**. To reach this goal, the EU pursues in the context of international negotiations **the objective of a 30% reduction** in greenhouse gas emissions (GHG) by developed countries **by 2020** (compared to 1990 levels).

As underlined in the IPCC Fourth Assessment (2007), **the forestry sector plays a key role in the mitigation of climate change by acting as carbon sinks**. Forestry can make a very significant contribution to a low-cost global mitigation portfolio that provides synergies with adaptation and sustainable development.

“ In the long-term, sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual yield of timber, fibre, or energy from the forest, will generate the largest sustained mitigation benefit” (IPCC –2007).

PROPOSAL

Considering that:

- Despite the widely known and accepted role of forests in combating climate change, the forest sector is not included in the ETS, although recently progress has been made with regard to methodologies, policy frameworks and scientific uncertainties.
- The “+2°C” target necessitates active participation by all sectors, forestry included. Inclusion will reduce compliance costs, improve market liquidity, reduce market uncertainty and volatility, and enhance market efficiency. Opening European markets to forestry credits will send a clear signal that the EU recognizes the value of every country’s contribution in the forestry sector.
- The conclusions of the European Council on climate change dated 9/03/07 (doc. 7224/07) invite the Commission to review the EU ETS to consider a possible extension of its scope to land use, land-use change and forestry (LULUCF)(Cf. §35).

¹ Any statement in this document is to be considered as a reflection of the best available professional expertise and does not necessarily reflect the political commitments of individual member states.

Eustafor is asking - as a first priority - to amend the Directive 2003/87/EC for the period 2008-2012 in order to allow the inclusion of CDM and JI LULUCF projects:

1. The following should be added to Article 3: "(o) temporary certified emission reduction" or 'tCER' means a unit issued from afforestation or reforestation project activities and will expire at the end of the commitment period following the one during which was issued pursuant to Article 12 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC or the Kyoto Protocol";

2. In Article 11a(3)(b), introduced by directive 2004/101/EC into directive 2003/87/EC, the following should be deleted: "[...] except for CERs and ERUs from land use, land use change and forestry activities";

3. The following should be added to Article 11a: "(4) An operator that has used a tCER shall surrender a CER, tCER, ERU or allowances at least 30 days before the tCER expires to cover the emissions which had been covered by the expired tCER. If the operator has not replaced any tCERs it has used to cover its emissions by the time they expire, the operator shall be held liable for the payment of the excess emissions penalty in accordance with article 16".

Secondly, in the medium term Eustafor requests that the full value of forests in combating climate change should be acknowledged in international climate mitigation strategy and policy. This should include domestic schemes and measures, carbon stored in forest products, and the fight against deforestation and forest fire.