

BirdLife Europe and European Environmental Bureau voting recommendations: COMENVI vote on the Effort Sharing Regulation

30th May 2017

Dear Member of the ENVI committee,

Tomorrow, you will vote on the Effort Sharing Regulation (ESR), the European Union's (EU) largest climate instrument, covering 60% of total emissions from sectors: surface transport, waste, agriculture, buildings, and small industrial installations.

For the EU to meet its climate commitments under the Paris Agreement, the incentives set in this piece of legislation for the decarbonisation of the EU economy will be decisive. It has never been more important for the EU to maintain its role as a global leader on climate change, if we are to avoid permanent changes to the climate, and to our planet's stability.

To protect citizens in the EU and elsewhere from many risks to health, livelihoods, and security, related to climate change, it is vital that the ESR promotes ambitious climate action in all sectors, and puts the EU on track to achieve zero net emissions before mid-century (i.e. removing as much – or more – emissions, as are emitted each year).

If well designed, the ESR can drive new innovations in a vibrant green economy, and guide a transformation towards an EU with more livable cities; cleaner air and water; reduced energy poverty; an increasingly circular economy, and a sustainable food and farming system – all providing new jobs and opportunities.

**To achieve this, Birdlife Europe urges you to support the
Rapporteur's consolidated amendments (CA: A-E).**

In particular, we call on you to ensure that:

1. Climate action is not undermined by excessive levels of LULUCF flexibility
2. Accounting for forest management is made accurate, comparable, and honest
3. The mitigation potential of agriculture and land use is achieved sustainably
4. Bioenergy use is sustainable and that accounting reflects its true level of emissions

Doing this will promote sustainable and low emissions agriculture and land use, and put the EU on track to balance sources and sinks of greenhouse gas emissions by mid-century. In support of this objective, Birdlife's voting recommendations are set out below.

Bioenergy Use in the Effort Sharing Regulation

PRIORITY: SUPPORT amendment: 112

IPCC Guidelines allow for biomass to be accounted as zero when burnt in the energy sector with the condition that the emissions are accurately accounted for in the LULUCF sector.

However, accounting methods for forest management (i.e. projected baselines) are currently inaccurate, and make it possible for the amount of emissions that EU forests take out of the atmosphere (the forest sink) to decline, without this fact being accounted towards member state's targets.

As a consequence, when biomass (e.g. wood) is burnt, emissions may not be accounted for in the energy sector, nor in LULUCF sectors, creating perverse incentives for increased biomass use for energy, with no accountability for the additional emissions produced.

Even if forest management accounting were to be fixed, this would not be sufficient to ensure that all bioenergy is genuinely low-carbon. A large amount is imported from outside of the EU, where greenhouse gas accounting rules may be poor or not exist. Biomass sources inside the EU, may also result in emissions from land use change outside the EU.

In some cases, the true emissions from bioenergy use can be greater than from fossil fuels.

Amendment 112 ensures that bioenergy provides real benefits for the climate, by stating that energy from biomass should not automatically be accounted as zero in the ESR, except for waste and residues, which do not compete with other uses of biomass. This amendment should be supported.

Flexibility Between ESR & LULUCF Regulations (Article 7)

PRIORITY: SUPPORT amendment: CA: E

PRIORITY: REJECT amendment: CA: EA

SUPPORT amendments: 9, 16, 21-24, 34, 75, 82, 86, 88-89, 200, 210, 218-221, 224, 276

REJECT amendments: 71-74, 76-81, 83-85, 87, 92-93, 172, 192-193, 197, 198, 199, 201-209, 211-217, 222-223, 225-226, 272-275, 277-280,

By **supporting** and **rejecting** the amendments as listed above, you will ensure that differences in agricultural emissions between member states are fairly adjusted for, while

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minimising the impact of the flexibility between the ESR and LULUCF Regulations on EU climate ambition, and maximising the wider benefits for the environment. A detailed breakdown of this is given below.

1) The size of the LULUCF flexibility

[Substituting emissions reductions in the ESR with reductions in the LULUCF Regulation \(i.e. offsetting\) weakens the overall 2030 Climate Package.](#) This is because:

1. In contrast to ESR reductions, LULUCF reductions are highly uncertain, quickly reversible via management changes, and are finite in their amount. They are not directly interchangeable, nor are they equally beneficial for stopping climate change.
2. Offsetting reduces the effective ESR target by up to 3% at the EU level, and 17% for some member states ([see online calculator](#)). This reduces incentives for mitigation in all ESR sectors – delaying mitigation action and putting decarbonisation goals at risk.

Consequently, the amount and use of any offsetting between the ESR and LULUCF Regulation must be strictly limited to the minimum needed to allow for differences in member states agricultural emissions, and challenges this can present in achieving their ESR targets.

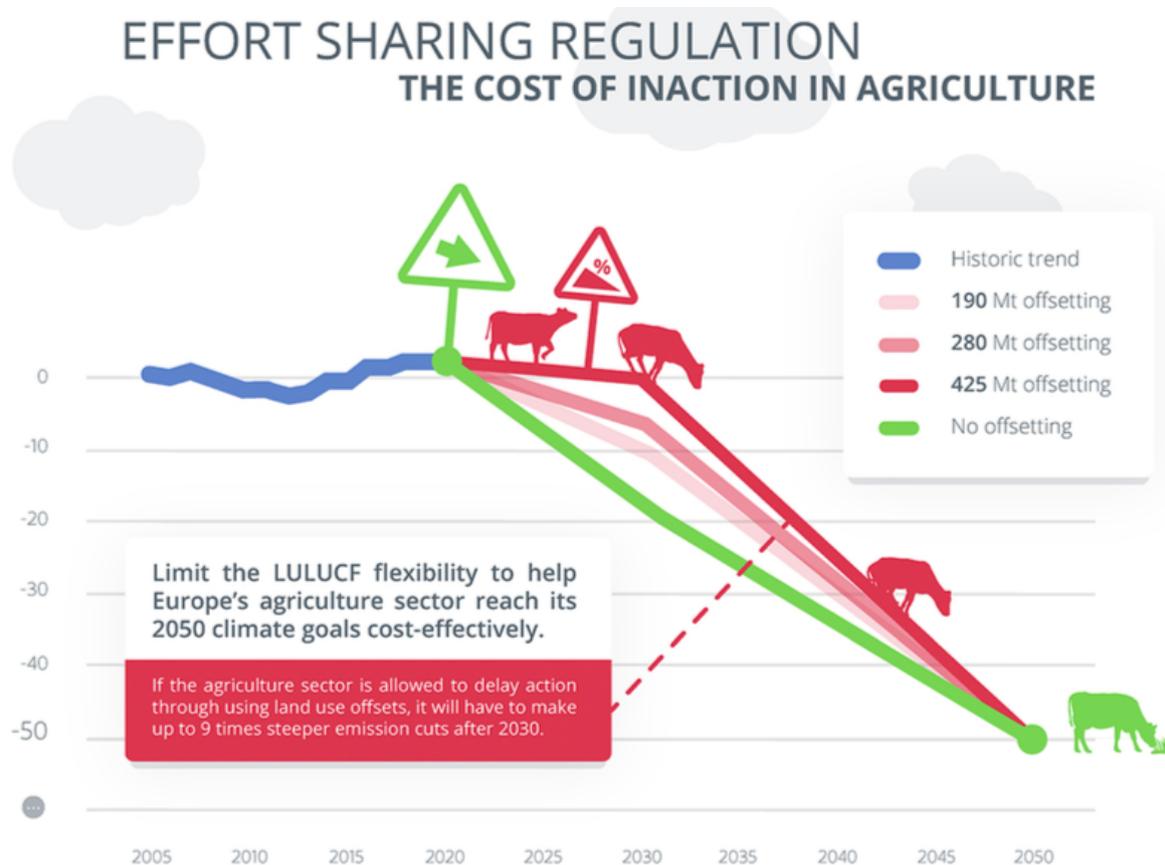
Using the Commission's 2013 modelling, a flexibility of 280Mt CO₂eq would require only an additional 4% reduction in emissions by 2030 in the agriculture sector – a level far below agriculture's mitigation potential. [What the latest 2016 modelling by the Commission shows, is that even less flexibility is needed to achieve the same – inadequate – outcome.](#)

The EUCO27 projection, shows that agriculture's contribution to meeting the 2030 ESR target could be an 8.3% reduction, at a cost of only €0.05 per tonne – far below other sectors (€20), and with no impact on production in the agriculture sector. With an EU energy efficiency target of 30% (EUCO30), zero additional action in agriculture would be needed up to 2030 to meet the ESR target.

Agriculture's mitigation potential, and that in other sectors, must not be undermined by allowing excessive flexibility with the LULUCF Regulation. Moreover, delaying mitigation action in the sector simply requires even greater efforts in the future, to meet agriculture's 2050 share of emissions reductions (-50% according to the European Commission). Doing so could require up to nine times faster emissions reductions rates after 2030.

Consolidated amendment E (also: 9, 21, 24, 34, 75, 200, 276) sets an EU-wide limit of 190 Mt CO₂eq on the sum of LULUCF credits that can be used to offset ESR emissions. This is a level more than sufficient to adjust for differences in agricultural emissions between member states. It will also maintain an incentive needed for agriculture to achieve its sustainable mitigation potential, while not further undermining mitigation action in other ESR sectors.

Consolidated amendment EA (also: 199, 225, 76) enables the total size of the flexibility to be increased from 280 Mt CO₂eq without any limit. This could undermine climate action in agriculture and all ESR sectors, and ultimately the rate of decarbonisation needed to achieve the EU's climate goals. Delaying mitigation action in the agriculture sector won't be good for the sector or for the climate. The same problem is also true for amendments: 73-74, 78-81, 87, 199, 201-203, 205-208, 227-280.



Some – limited – flexibility is desirable, to promote agricultural practices that increase soil carbon storage, which provides wider benefits for biodiversity, and for the long-term health of soils on which food production depends. **Amendments that delete Article 7, should be rejected: 71-72, 197, 272-273**

2) The role of forest management in the LULUCF flexibility

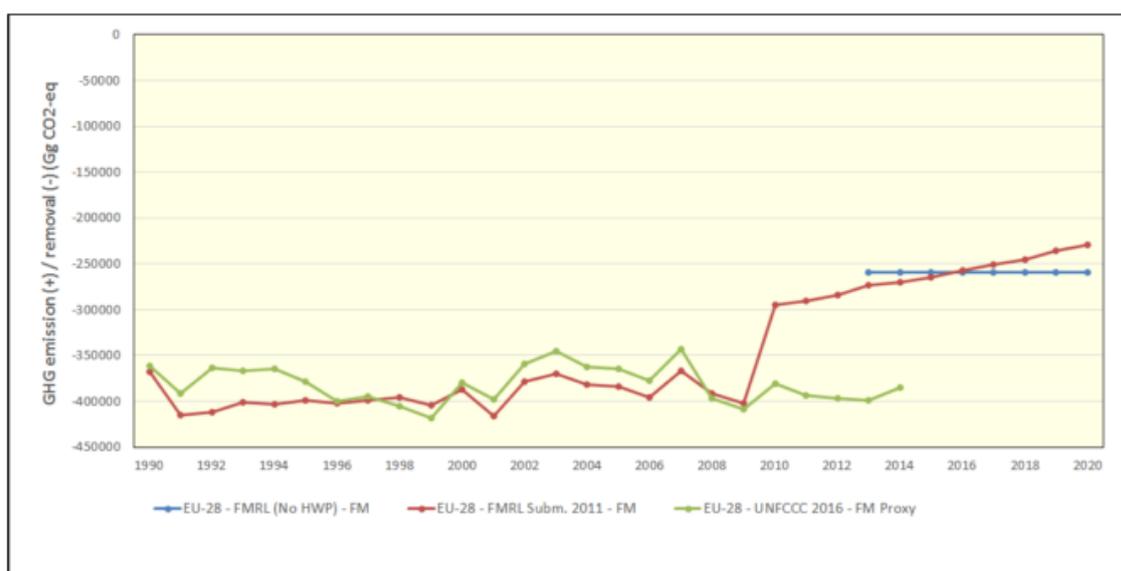
Any flexibility between the ESR and LULUCF Regulation weakens the overall 2030 Climate Package (see previous section). To avoid weakening it even further, only LULUCF credits that are accounted for accurately, should be used for offsetting.

Currently, accounting rules for forest management compare actual emissions to future projections of emissions. These future projections can include planned harvesting for bioenergy. When this biomass is burnt, the resulting emissions are then not accounted for in the energy sector or forest management. Additionally, future projections by member states are often highly inaccurate and non-comparable – resulted in uneven effort sharing..

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Recent data shows that member states' have systematically overestimated their future harvesting rates, receiving windfall credits. For example, in the year 2013-2014, member states reported 120 Mt CO₂ more reductions than expected, due of overestimation of future harvesting rates (see the difference between green and red lines in graph copied below, after 2010).

Figure 5.12: Comparison of aggregated gross removals 1990-2013 in EU forest land sink (green line) as reported by Member States in 2015 inventories, the aggregate EU28 forest management reference level (blue line), and the model output (red line 2010-2020) and historical data (red line 1990-2009) for Forest Management



Source: UNFCCC inventories and EUCLIMIT modelling

Therefore, it is currently possible to gain credits from forest management, that reflect no additional action taken by member states and no benefit for the climate.

Bad forest management accounting is also a problem for the EU's international position of leadership on climate change. Accurate accounting rules are crucial to preserving tropical forests and avoiding a huge release of carbon from them going unattributed. For the EU to argue for good accounting rules internationally, we must have credible rules at home.

For these reasons, it is essential that forest management accounting is fixed, before it can make any credible contribution to offsetting in the ESR. New accounting rules for forest management in the LULUCF Regulation, proposed by the Commission, would rectify this problem.

Consolidated amendment E (also: 16) allows forest management to contribute to the LULUCF flexibility, only after forest reference levels have been updated, and at this point the size of the flexibility cannot increase. This amendment should be supported.

Consolidated amendment EA enables forest management to contribute to the LULUCF flexibility, immediately after forest reference levels have been updated, and at this point the size of the flexibility to increase. This amendment should be rejected. due to reasons outlined above.

Many amendments enable forest management to contribute to the LULUCF flexibility without any reform of how forest management is accounted for. This would allow potentially worthless credits to be used to offset ESR reductions. These amendments should be rejected: 73-74, 76-81, 92-93, 198, 199, 201-206, 212-217, 222-223, 225-226, 274, 275

3) Ensuring that the LULUCF flexibility is only used if it is truly needed

Any flexibility between the ESR and LULUCF Regulation weakens the overall 2030 Climate Package. Because of this, flexibility should only be used by member states after other options to achieve compliance have been exhausted. For example, other flexibilities including borrowing, banking, and the one-off ETS flexibility.

Both **Consolidated E** and **Consolidated EA** support an amendment to ensure that LULUCF flexibility may only be used, after first using of any banked credits to achieve compliance in a given year.

Consolidated E (also: 210) should also be supported for this reason, in addition to the others outlined above.

4) The inclusion of Wetland Management in the LULUCF Flexibility

At the moment, accounting for emissions from wetland management is not mandatory in the EU. However, comprehensive economy-wide emissions reduction targets, should mean that all EU emissions sources and sinks are included in EU emissions accounting – i.e. what the atmosphere actually sees.

Peatlands and wetlands are some of the world's largest carbon stores and represent habitats of high conservation value. While limited in mitigation potential, the restoration and conservation of wetlands and peatlands provides clear benefits for both EU climate and biodiversity goals, and in some regions these benefits can be substantial.

To maximise the wider environmental benefits, emissions reductions from wetland restoration should be incentivised through the LULUCF flexibility.

Consolidated amendment E (also: 75, 89, 200) allows emissions reductions from wetland management to do this and so should be supported.

Consolidated amendment EA (also: 73-74, 76-81, 92-93, 198, 199, 201-206, 212-217, 222-223, 225-226, 274, 275) does not and so should be rejected.

5) Avoiding unintended impacts on biodiversity from increased afforestation

All forms of afforestation are not equal when it comes to their benefits for the climate and their impact upon biodiversity.

For maximum benefit, afforestation of native woodland species should replace a carbon poor and low diversity habitat such as cropland or intensively managed grassland. There is a risk, however, that monoculture afforestation of non-native species will take place on semi-natural grassland or peatland – both carbon rich and highly diverse habitats.

About 2000 km² of EU grasslands are lost each year, mostly those managed in a more ecological way. About 30% are lost due to afforestation – many of which are biodiversity rich, semi-natural grassland.

The LULUCF flexibility effectively creates a substantial new driver for afforestation in the EU. To avoid adverse impacts on biodiversity, it is important to safeguard against driving forms of afforestation that will have harmful impacts.

Amendments 82, 88, 218-221 put in place measures to ensure that afforestation driven by the LULUCF flexibility is sustainable. **They should be supported.**

Achieving Sustainable Mitigation in Agriculture and Land Use

PRIORITY: SUPPORT amendment: CA: E, 65, 67, 141, 37, 45
PRIORITY: REJECT amendment: CA: EA
SUPPORT amendments: 63
REJECT amendments: 38

1) Achieving Agriculture's Mitigation Potential

For the EU to reach zero net emissions by mid-century, as required by the Paris Agreement, no sectors can be given an opt out from climate action. Agriculture is no exception – it is estimated that it must cut its non-CO₂ emissions by 50% in 2050.

[Agriculture has substantial mitigation potential, available today](#). The Impact Assessment (EUCO27 scenario), shows that emissions reductions in the sector of up to 8.3% in 2030, are available at almost zero cost (€0.05 per tonne). Previous modelling by the JRC also found that it was possible to reduce agricultural emissions by 13% without any impacts on production or trade – with the aid of subsidies for the uptake of mitigation measures.

Agriculture is about 20 years behind other sectors, and is only just beginning to take climate action. With new investment into research, technologies, and farming practices, its mitigation potential will continue to expand in the future. [To achieve this, coordinated EU-wide action](#)

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[on mitigation in the agriculture sector is needed](#) and should be informed by the development of a 2050 low-carbon and resilience roadmap for European agriculture.

Amendments 65 and 141 would set minimum emissions reductions targets for each sector, and promote coherent, EU-wide action in the agriculture sector – maximising its mitigation potential and promoting investment. This amendment should be supported.

Shifts towards more sustainable production and consumption will also reduce the agriculture sector's emissions, as part of a wider transition to a sustainable food and farming system: a system where resilience provides real long-term security, and where support for sustainable and higher quality production, supports rural economies and healthy diets for EU citizens.

Amendments 37 and 45 acknowledge the important role of health and sustainable diets in reducing greenhouse gas emissions in the agriculture sector and should be supported.

To deliver mitigation in the agriculture sector, the role of the Common Agricultural Policy (CAP) will be crucial, as the single most important EU policy affecting farming practices across the Union. This fact should be acknowledged explicitly in the ESR, in order that it can inform the design of future CAP reform.

Amendment 63 lists the Common Agricultural Policy as a crucial Union measure that enhances member states' ability to meet their climate commitments. **It should be supported.**

Amendment 67 identifies the Common Agricultural Policy as important for driving investment and creating the incentives for integrated development in the agriculture sector. **It should be supported.**

2) Ensuring Mitigation in Agriculture is Sustainable

No other sector impacts upon biodiversity more profoundly than the agriculture sector.

It is well documented that historic agricultural intensification in the EU has had a profound negative impact of EU biodiversity. Agricultural intensification and land use change driven large and ongoing declines in EU biodiversity indicators like farmland birds (-25%) and grassland butterflies (-28%), since 1990.

Agriculture can and should reduce its emissions, but this need not, and should not, come at the expense of driving further biodiversity loss through yet more intensification. EU climate and biodiversity objectives must be achieved coherently in the agriculture sector. This requires more than the mindless pursuit of greater efficiency, which often comes at the expense of wildlife, environmental pollution, animal welfare, and human health impacts.

Amendment 67 supports a coherent approach to mitigation in the agriculture sector that balances biodiversity and environmental objectives against climate and rural development. **It should be supported.**

On the other hand, **amendments 68, 83, 84, 172, 192, 193** promote unbalanced mitigation in the agriculture sector, which could further harm EU biodiversity. **They should be rejected.**

Newly Proposed Flexibility for Climate Efficient Farmers

PRIORITY: SUPPORT amendment: CA
PRIORITY: REJECT amendment: CA: EA, 195
REJECT amendments: 192, 193, 195,

The one-off flexibility with the Emissions Trading Scheme allows a member state's ETS allowances (that could otherwise be auctioned) to be cancelled, in place of achieving emissions reductions in the ESR.

Consolidated amendment EA (also: 192, 193, 195) increases the size of the one-off flexibility in Article 6, to 140 Mt CO₂eq. This compares to **Consolidated amendment E** which keeps the limit at 100 Mt CO₂eq set by the Commission.

Consolidated amendment EA (also: 192, 193, 195) uses the increase of 40 Mt CO₂eq of flexibility, to create a new flexibility, to be used for 'certified climate efficient organic and conventional farmers'. The design of how this flexibility should work is left to the Commissions to establish by 2019. **There are many problems with this suggestion which mean that it should be rejected.**

Firstly, the size of the flexibility is arbitrary, without justification, and further undermines overall emissions reductions in the Effort Sharing Regulation. More flexibility for the agriculture sector, beyond the LULUCF flexibility, is unnecessary, and would further undermine mitigation action in the sector.

Secondly, emissions reductions targets are set at the level of the nation state, not for individual farmer. Such a system would be impractical. For example, how is a climate efficient farm judged and monitored? And, how does action and certification at the farm level, connect to the degree of allocation of offset credits at the national level?

While the encouragement of mitigation action in the agriculture sector is needed. **The flexibility proposed in Consolidated amendment EA would add pointless bureaucracy.** The appropriate mechanism to do this should be through the Common Agricultural Policy and other national level initiatives.