



## **CAN International April 24 (2009) Submission on LULUCF**

April 27, 2009

**Corrected Version April 28, 2009**

The Climate Action Network International welcomes the opportunity to submit the following in response to the request for submissions in the draft conclusions proposed by the Chair on land use, land-use change and forestry at the seventh session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (FCCC/KP/AWG/2009/L.3). In particular, CAN's view addresses the options and proposals for the treatment of LULUCF as set out in the Annex to the conclusions as well as sharing information to enhance the understanding of the implications of the options and proposals for the treatment of LULUCF.<sup>1</sup>

As has been noted in previous CAN submissions, one of the main issues around the modalities of the treatment of LULUCF must be the role and limitations of the use of LULUCF accounted emission and removal units to limit warming to well below 2°C. One of the key issues with respect to the setting of emission targets is the need to understand the scale of likely credits from LULUCF activities, to understand how much of this is additional to what would otherwise have occurred and to quantify the effects of these factors in setting targets for industrial emissions. Failure to do so could lead to emissions targets being set so that it is not feasible to meet stringent climate protection goals. Finally, the implications of the use of these accounting units for the stability and effectiveness of the international post 2012 regime must be considered.

### **Policies and Measures to support LULUCF**

CAN reflects that the complexities and uncertainties associated with the LULUCF sector make it difficult to confidently predict the incentives and unintended consequences that may result from a particular set of accounting rules. Therefore, we propose that Annex 1 Parties consider deciding upon a small number of measurable, reportable and verifiable policies/measures that could guide mitigation activity in this sector. These policies/measures would be in addition to LULUCF accounting rules and modalities and complementary to the contribution LULUCF would make to meeting the quantified emission limitation and reduction objectives.

CAN puts forward the following examples for discussion:

- Reduce levels of forest biomass decline;
- Halt or reduce rates of conversion from forests to plantations;
- Halt or reduce rates of conversion from primary forests to modified natural forests;
- Halt or reduce rates of peatland degradation and increase peatland restoration

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<sup>1</sup> Environmental Defense Fund, Natural Resources Defense Council, The Nature Conservancy, Woods Hole Research Centre and World Wildlife Fund are each in the process of developing their positions on rules for Annex I LULUCF and are therefore not included within this submission.

- In largely intact forested landscapes, avoid emissions by protecting carbon stocks;
- In landscapes in which forests have already been degraded, grow new carbon stocks;
- In forested landscapes subject to on-going clearing and degradation, reduce deforestation, degradation and land-use change, including through sustainable forest management and the restoration of degraded forests;
- Maintain forest carbon stocks;
- Reduce emissions through the ‘cascaded’ use of wood to substitute carbon-intensive materials and fossil fuels where a full lifecycle analysis, which includes emissions from forest carbon pools resulting from wood production, identifies that the use of wood has a lower carbon footprint.

### Summary Views on the Annex

1. CAN supports the deletion of Option 2 (land-based accounting) from consideration for the second commitment period. Although accounting of all carbon fluxes is an appropriate conceptual goal, it is not practically achievable at this time – existing technical shortcomings currently preclude the adoption of fair, transparent and accurate land-based LULUCF accounting in the context of a global carbon framework.
2. The Climate Action Network supports the inclusion of the following elements within a revised Annex to Decision 16.CMP.1:
  - Mandatory accounting of emissions from:
    - devegetation
    - peatland degradation
    - forest biomass decline; or,
    - ‘forestry in primary forests’ and ‘forest conversion to plantations’<sup>2</sup>
  - Voluntary accounting of reduced emissions from peatland restoration
  - A common historical reference point of forest management emissions for all Parties, whether this be zero (in the case of gross-net), or a net-net accounting in the commitment period with comparison to a fixed or moving base year, or base period.
  - An approach to address the compliance risk associated with only extraordinary/extreme/force majeure natural disturbances.
  - A provision to create a carbon cost for the import of wood products derived from Non Annex 1 Parties
3. The Climate Action Network opposes the inclusion of the following elements within a revised Decision 16.CMP.1:
  - An ‘alternative level’ or negotiated bar for individual Parties based on national circumstances.
  - A forward-looking baseline or bar that is based on future projections of business-as-usual forest management.

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<sup>2</sup> ‘Forestry in primary forests’ and ‘forest conversion to plantations’ are activities proposed in CAN’s February 23 submission on LULUCF. <http://unfccc.int/resource/docs/2009/smsn/ngo/122.pdf>

- Any special rules designed to artificially limit the accounting of emissions (e.g. AR debit/credit rule, land flexibility, or carbon saturation).
- Any change to the current IPCC default accounting method that assumes instantaneous oxidation of carbon stored in wood or other biomass.

#### *Supplementary Commentary*

- CAN believes it is essential that significant emissions are transparently accounted for. We believe this is the great value of mandatory accounting of ‘forest biomass decline.’ However, we would like to point out an advantage of the CAN proposal to instead account for ‘forestry in primary forests’ and ‘forest conversion to plantations’: accounting for these activities *does not require any factoring out of natural disturbances* – emissions from these activities are 100% human-caused. Factoring out would only be required if areas subject to these activities were subsequently accounted for under forest management.
- Allowing Parties to negotiate alternative levels to the bar would disconnect accounting from reality and is inconsistent with the approach taken in all other sectors. We believe that the complexity of forests would make it impossible to do a simple adjustment based on age class and would instead require an uncertain approach riddled with assumptions that could not be satisfactorily verified. We believe that accounting based on recent historical conditions would yield relatively small debits for even those Parties that fear a declining sink and that these debits could be feasibly incorporated into national targets. CAN has done an initial calculation that the difference in credits generated between a strong and weak reference level for Annex 1 Parties could be on the order **seven billion tons of CO<sub>2</sub>**.<sup>3</sup>
- Factoring out of emissions from natural disturbances must be restricted to the most extraordinary extreme events and should not be broadly applied. If a time-out or ex-post adjustment is used to factor out extraordinary extreme events, emissions resulting from human activity (e.g. salvage logging) must still be accounted for. Such provisions should also be subject to some maximum limit on the amount of land treated in this way and the duration of a time-out, with any remaining debits being accounted for after the time-out duration.
- Several ideas within the negotiations are aimed at dealing with uncertainty, causality and the scale of credits from LULUCF: a cap on credits and debits, a discount on credits and debits and a ‘band’ of non-accounting associated with the bar. We believe that all these approaches need to stay on the table as potential methods to support environmental integrity within the new LULUCF rules.
- Several approaches for accounting for carbon stored in harvested wood products have been discussed. While not supporting any approach other than the IPCC default approach, CAN observes that the worst approaches under discussion ignore emissions from the existing HWP pool (“Emissions to Atmosphere” proposal) or attempt to account for emissions/storage occurring outside a country’s boundaries (“Production Approach”).

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<sup>3</sup> Not including the United States.

*Additional Specific Comments on the Annex*

1.(a)

- There are several problems with the current use of the FAO definition of ‘forest’ within the Kyoto Protocol:
  - It does not separate plantations from natural forests
  - It explicitly excludes ‘temporarily de-stocked’ forests from accounting without defining ‘temporary’
  - It sets the bar for deforestation so low that in many biomes ecosystem collapse will have occurred long before the threshold is reached.
  - It cannot be used to address degradation issues.

1.(c)

- Change “first commitment period” to “first and subsequent commitment periods”.

1.(e bis)

- Support addition of devegetation. Option 1 has the benefit of treating devegetation as a separate activity for which there could be mandatory accounting. Option 2 has the benefit of at least tying devegetation accounting to the election of revegetation. Accounting for devegetation should be mandatory.

1.(f)

- Support the expansion of the forest management definition to include all human induced decreases in carbon stocks. However, full definitions should be added for ‘forest biomass decline’<sup>4</sup> and for ‘forestry in primary forests,’<sup>5</sup> and ‘forest conversion to plantations.’<sup>6</sup>

1.(h bis)

- Support the inclusion of “peatland restoration,” rather than ‘wetland restoration’ as defined as a voluntary activity;
- Support the notion that accounting for peatland restoration also requires accounting for emissions resulting from drainage of peatlands.
- Also include a stand-alone definition of ‘peatland degradation,’<sup>7</sup> a mandatory accounting activity.

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<sup>4</sup> ‘Forest biomass decline’ is a human-induced activity leading to a decrease in carbon stocks and/or greenhouse gas emissions on forested land remaining forested land. It includes losses of carbon stocks or emissions from both living and non living biomass and includes both above-ground and below-ground biomass

<sup>5</sup> ‘Forestry in primary forests’ is any commercial tree harvest in forest/other wooded land of native species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed.”

<sup>6</sup> ‘Forest conversion to plantations’ is a conversion of primary or modified natural forests to plantations.

<sup>7</sup> Any on-site or off-site activity that negatively impacts the peatland’s function as carbon store or ability to sequester carbon and greenhouse gases such as conversion or reclamation to agriculture, agroforestry or forestry that involve enhanced drainage or artificial inundation, removal of natural vegetation, mining, or other activities that impact on the eco-hydrology of the peatland [adapted from the Ramsar Convention on Wetlands (Iran 1972)].

- 1.(h ter)
- The differentiation of natural forests and ‘planted production forests,’ could be useful to support a mandatory accounting activity related ‘forest conversion to plantations,’ but is proposed here as part of the formulation of ‘land use flexibility,’ which CAN does not support.
- 1.(h quin)
- Support definition of *force majeure*;
  - CAN notes that symmetrical accounting would also require the identification of extraordinary events or circumstances that cause sequestration.
- 1.(h sex)
- Support definition of *time out* if it is clarified that emissions from human activity (e.g. salvage) must still be accounted for.
- 1.(h sept)
- Support definition of certified sustainable forest management
- 1.(h oct)
- Oppose inclusion of harvested wood products
- 1.(h nov)
- Oppose inclusion of harvested wood products
- 1.(h dec)
- Support definition of ‘importing harvested wood products’
- 1.(h one)
- Support definition of ‘Non Annex I wood products’
3. bis
- Delete paragraph 3 bis. CAN does not support the proposal to allow for an area of planted forest established prior to 1990 to be harvested and replanted on another area of land without accounting for the temporary carbon stock changes. This would allow countries to offset emissions from deforestation with temporary sinks projects and is antithetical to our desire to ensure that all major sources of emissions are accounted for when they occur.
- 4.
- Support Option 3, ‘delete the paragraph’; Delete Options 1 and 2 . The management of Afforestation and Reforestation needs to ensure that emissions are accounted.
- 6.

- Devegetation, peatland degradation, ‘forest biomass decline’ (or ‘forestry in primary forests’ and ‘forest conversion to plantations’) should be mandatory activities;
- ‘Wetland restoration’ should read ‘peatland restoration’;
- Support inclusion of “and any activity under Article 3, paragraph 4 elected in the first commitment period.” Parties should continue to account for activities from the first commitment period and not be allowed to de-select them.

6.bis

- ‘Peatland degradation’ should be included as a mandatory accounting activity.
- ‘Forest biomass decline’ should be included as a mandatory accounting activity; or,
- ‘Forestry in primary forests’ and ‘forest conversion to plantations’ should be included as mandatory accounting activities.

7.

- Support reference to second commitment period

8.

- Support reference to second commitment period and previously elected activities

9.

- ‘Wetland restoration’ should read ‘peatland restoration.’

9. bis

- Delete paragraph 9 bis. CAN does not support the option to create a special rule for carbon saturation. Parties must continue to account for emissions and removals at the time that they occur.

10.

- Support Option 2: delete the paragraph. This paragraph only helps countries with high deforestation rates in the first commitment period to offset them with an allowance for forest management. Countries should not be given incentives to offset deforestation emissions, they should reduce emissions from deforestation.

11.

- Support preservation of options 1 (cap) and 2 (discount);
- The first sentence in Option 3a) is worthy of consideration but CAN opposes the provision for alternative levels for the bar in the option; recent or moving historical base years or averages over recent or moving historical base periods would already reduce the risk from declining sinks;
- Delete Option 4 (forward-looking baseline). The forward-looking baseline involves putting all business-as-usual activities into the baseline and only accounting for activities deliberately designed to reduce emissions. If applied more generally to other emission sectors, this approach would ensure emission reductions were recorded in all sectors irrespective of what actually occurred. This particular short-coming could be overcome by building in a projected emission reduction into the baseline, *ex-ante*;

- Include option for net-net accounting: Forest management activities should be net-net accounting against the commitment period;
  - Include option for measuring biomass decline
- 12.
- Delete paragraph. CAN does not support a renegotiation of the rules for paragraph 11 after they have been adopted. Parties should have sufficient data to ensure that this renegotiation does not need to occur.
- 13.
- Support Option 1 (eligibility of LULUCF under Article 12 limited to afforestation and reforestation). Delete option 2.
- 13.bis
- Support this paragraph. CAN believes that any definition other than this one could create the perception in landowners that deforestation of secondary regrowth will be rewarded at some point in the future if they clear-cut a forest today which then could be reforested to claim credits. Such eligibility would perpetuate an endless cycle of reforestation and deforestation resulting in no benefits to the climate or biodiversity.
- 13.ter
- Support this paragraph.
- 14.
- Support ‘times 5’. CAN supports the continuation of the current limit on LULUCF project activities under Article 12.
- 15.
- Support paragraph 15 bis; delete paragraph 15
- 15.bis
- Support paragraph 15 bis
- 16.
- Support reference to second commitment period
- 17.
- Support reference to second commitment period
- 18.
- No changes required
- 19.
- No changes required

20.

- CAN does not support the proposed changes. Delete the bolded text “**information on the**” and remove the brackets around “are identifiable, and information about these areas”. CAN believes that lands subject to Article 3.3 and 3.4 should continue to be identifiable to ensure consistency and transparency between commitment periods. These additions should not be accepted.

21.

- No changes required

21.bis

- Support Option 3, (bis) and (ter) time-out for *force majeure* events, except it should be clear that human-cause emissions (e.g. from salvage harvest) must be accounted for.

21. ter

- With regards to harvested wood products: Oppose change from the current IPCC default accounting method that assumes instantaneous oxidation of carbon stored in wood or other biomass;
- Delete Options 1 and 3.
- Option 2 accounts for emissions from imported wood products and would therefore be more appropriate under its own section: **Non Annex I Wood Products**; CAN supports the proposal outlined in the submission from Tuvalu.

21. qua

- Support the preservation of an option limiting the use of the LULUCF sector for compliance with Annex I commitment.

Option 2

- Delete Option 2.