



## **STATEMENT BY SLOVENIA ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES**

**This position is supported by Croatia, the Former Yugoslav Republic of Macedonia, Bosnia and Herzegovina and Serbia**

**Ad hoc Working Group on Further Commitments for Annex I parties under the Kyoto Protocol**

**Fifth session**

**Bangkok, 31 March to 4 April 2008 and Bonn 2-12 June 2008**

### **Roundtable on LULUCF**

The EU welcomes the opportunity to present its views on possible improvements concerning the inclusion of LULUCF accounting in the climate regime to promote policies that tap into the important mitigation potentials of this sector as part of the overall effort by Annex 1 countries without reducing incentives for the necessary reductions in other sectors.

Quantified emissions limitation and reduction commitments were agreed at Kyoto with the expectation of additional flexibility from the land use, land-use change and forestry sector to help fulfilling those commitments but before the scope of LULUCF activities was agreed.

Without doubt this facilitated the agreement in Kyoto, but put additional pressure on reaching a LULUCF agreement subsequently. As a result it took a long period of negotiation from COP 3 to COP 6 bis to agree on the current LULUCF package.

The current provisions reflect the need to prevent undermining of the Kyoto Protocol targets, to deal with differences in national circumstances and sectoral characteristics, and aim to provide extra flexibility in meeting commitments. These provisions tend to limit the potential incentives for Parties to protect and develop their carbon stock in forests, agricultural lands and grasslands as well as use wood sustainably as a biomaterial and a source of energy.

The drawbacks of some of these provisions were highlighted by many Parties during our first meeting in Bangkok, including the cap for Article 3(4) Forest Management and the limited inclusion of emissions and removals from the LULUCF sector.

Most of these problems, in our view, are to be attributed to the fact that overall reduction commitments were agreed before the rules for LULUCF were developed. We now have the opportunity to decide on LULUCF rules before the new commitments are taken and we should do so.

LULUCF is not only about emissions and removals. It is about biological systems with important productive and protective functions. For mitigation there are potential synergies as well as potential conflicts.

The IPCC 4th Assessment Report identified a substantial mitigation potential in the LULUCF sector, both in terms of reducing emissions, enhancing sinks and stabilizing carbon stocks as well as with regard to the development of sustainable supply of bio energy and wood material. This potential will only be delivered over a long time but we need to build policies today. To do this policy makers and stakeholders need stability and predictability to engage effectively. It is therefore important to agree on provisions that will last beyond the next commitment period.

To realize this, the EU believes that we should strive for a common approach for developed countries. We think this is possible because we are much better informed about LULUCF issues than at the time of Kyoto, and integrating LULUCF accounting rules into the climate regime right from the beginning will allow us to incentivise additional anthropogenic mitigation actions while avoiding perverse incentives, consistent with the general principles underlying the Kyoto Protocol.

This should take into account the four activities: forest management, cropland management, grazing land management and revegetation/devegetation as covered by Art. 3.4 KP and the relationship between emissions and removals in the base year or period, and the commitment period .

The EU believes that such an approach would provide sound rules that would favour the delivery of the mitigation potential of the LULUCF sector over time. It would contribute to a simpler and more transparent accounting framework, easier to communicate and able to deliver the long-term economic and regulatory certainty we need. It would also provide a pragmatic way to overcome some of the problems related to impacts beyond management control that have led us to very difficult discussions in the past. And finally, it should avoid the perverse incentives linked to fragmented coverage of the land and heterogeneous accounting rules among activities.

The EU recognises that the vulnerability of terrestrial carbon stocks to natural circumstances and potential impacts of climate change on them raises challenges both in terms of the stability and the integrity of the post 2012 regime to achieve the ultimate goal of the Climate Convention as well as in terms of compliance risks. This needs to be taken into account when working on improving the present accounting system towards a system that promotes the environmental integrity of the climate regime. Other challenges exist that should also be taken into account, such as trade offs between carbon sequestration and carbon substitution potential reporting obstacles for some pools and legacy of past management practices.

We strongly believe that the challenges we face are not insurmountable and that a sound, simple and transparent set of accounting rules is the way forward rather than a myriad of exceptions to adapt to specific national circumstances. It is such a set of rules that we will be seeking for the next and subsequent commitment periods.