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NOTE

From: Presidency
To: Delegations

Subject: Fit for 55 (legislative initiatives for the implementation of the updated 2030 climate target): Contribution of Agriculture and Forestry
- Exchange of views

Delegations will find in the [Annex](#) a Presidency background paper on the contribution of agriculture and forestry to the "Fit for 55" package, including questions to steer the ministerial debate on this subject at the "Agriculture and Fisheries" Council on [11-12 October 2021](#).

Presidency background paper on the "Fit for 55" package: Contribution of agriculture and forestry

On 14 July 2021, the European Commission adopted “Fit for 55” a comprehensive legislative package aiming at making the EU fit to reach the ambitious target of a domestic reduction of net greenhouse gas (GHG) emissions by at least 55% by 2030 compared to 1990 levels and climate neutrality by 2050.

The package is interlinked with other Commission initiatives under the framework of the European Green Deal, like The "Farm to Fork", the "Biodiversity" Strategies and the new EU Forest Strategy for 2030.

The architecture of the “Fit for 55” package reflects the principles agreed by the European Council in December 2020¹ and reaffirmed in May 2021². The proposed revision of the legislative framework should enable the EU to implement its commitments under the Paris Agreement and send a positive signal ahead of the UNFCCC COP 26 in Glasgow in November 2021.

This new climate and energy package is composed of a **set of inter-connected proposals**, which all aim to ensure a fair, competitive, and green transition of the EU economy to 2030 and beyond. Overall, the package intends to amend eight existing pieces of legislation and presents five new initiatives, across a range of policy areas and economic sectors: climate, energy and fuels, transport, buildings, land use and forestry. All EU Member States and **all sectors** of the economy will have to contribute towards the attainment of this collective goal, including agriculture and forestry.

¹ EUCO 22/20. See point 12 and following: "[...] the European Council endorses a binding EU target of a net domestic reduction of at least 55% in greenhouse gas emissions by 2030 compared to 1990. It calls on the co-legislators to reflect this new target in the European Climate Law proposal and to adopt the latter swiftly".

² EUCO 5/21. See points 4 ("The European Council reaffirms its conclusions of 10-11 December 2020. It welcomes the agreement reached by the co-legislators on the Climate Law") and 5 ("The European Council invites the Commission to swiftly put forward its legislative package together with an in-depth examination of the environmental, economic and social impact at Member State level").

FIT FOR 55 PACKAGE: IMPACT ON AGRICULTURE AND FORESTRY

Forests and agricultural land currently cover more than three quarters of the EU territory. This makes both sectors extremely important for the EU environment and for climate change mitigation.

Agriculture and forestry are **multifunctional sectors**. They provide goods and services, regulate ecosystems, protect biodiversity, play an integral part in the carbon cycle, support livelihoods and sustainable growth and ensure food security.³

Both sectors' role in the climate change is threefold. They are at the same time sources of GHG emissions and natural carbon sinks:

- In 2018, the agricultural sector **emitted** 487 million tonnes of CO₂eq of the EU 28, corresponding to 12% of total EU GHG emissions⁴. Emissions from EU agriculture decreased between 1990 and 2010, and stagnated in recent years;
- At the same time, these land based sectors, particularly forests, are amongst the most important solutions to address climate change. EU forests, for example, absorb the equivalent of nearly 10% of total EU GHG emissions each year. Sustainable management practices in agriculture have also the proven potential to contribute to climate change mitigation and CO₂ removals;
- The third role is provision of climate neutral renewable resources, which can be used to substitute for other more carbon intensive materials and fuels.

At the same time, both sectors are highly vulnerable to the changing climate and impacts caused by natural disturbances, both on production and on their long-term capacity to contribute to the climate and other goals.

Within the "Fit for 55" package the contribution of agriculture and forestry is mainly addressed by the **Revision of the Regulation on the GHG emissions and removals from land use, land-use change and forestry (LULUCF)**, the amendment of the **Effort Sharing Regulation (ESR)** and the Revision of the **Renewable Energy Directive (RED)**.

³ International Union for Conservation of Nature, Issues brief: Forests and climate change (https://www.iucn.org/sites/dev/files/forests_and_climate_change_issues_brief_2021.pdf).

⁴ Agridata dashboard, <https://europa.eu/!uW84RN>. This figure includes both non CO₂ emissions (e.g. methane from livestock digestion process, manure management and rice cultivation, use of fertilisers) and LULUCF CO₂ emission from agricultural soils.

a) Revision of the LULUCF Regulation

The **revised LULUCF Regulation** aims at increasing the contribution of the LULUCF sector to the overall climate ambition for 2030 by reversing the current decreasing trend and improving the natural carbon sinks. The proposal foresees setting an **overall Union target** of net GHG removals of 310 million tons of CO₂ equivalent by 2030⁵. While until 2025 Member States would keep their commitments under the current LULUCF based on the "no-debit rule", from 2026 to 2030 **new Member States targets** would need to comply with the GHG net removals target at EU level.

Furthermore, the Commission proposes to move towards a **more integrated policy framework** covering activities related to land use, forestry and agriculture, under a single new land-based policy tool from 2031 onwards. With the achievement of this aim, the entire "**land sector**" should become climate neutral by 2035.

To set out the pathway to a climate neutral land sector by 2035, Member States would provide details on the envisaged measures to achieve this goal in their integrated national energy and climate plans, to be revised by mid-2024⁶. Based on these plans and an impact assessment, the Commission would propose individual Member State targets and EU wide measures for post-2030 by the end of 2025.

b) The amendment to the ESR

The **amendment to the ESR** is particularly relevant for agriculture and forestry. The ESR covers emission reductions in the building, transport, agriculture (non-CO₂) and waste sectors. The proposal foresees an EU-wide reduction of 40% in emissions by 2030, compared to the current 29%.

⁵ This corresponds to an increase of 15% compared to the current annual removals of -268 million tons of CO₂ equivalent.

⁶ See Article 14 of Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action.

The current scope of sectors under the ESR is maintained, even if the building and transport sectors are also incorporated in the emission trading system. When setting the **national targets**, the different starting points of Member States would be taken into account based on updated data on the GDP per capita.

The proposal also keeps the existing **flexibilities**, including the possibility to use credits from the LULUCF sector while remaining in respect of the European Climate Law. The amended ESR also proposes a **new additional reserve** applicable for 2030 compliance through the transfer of any surplus LULUCF removals to those Member States in need for the purpose of compliance with their individual targets under the ESR, again while respect the conditions of the European Climate Law.

3) Revision of the RED

The proposal for a **revision of the RED** foresees to further increase the EU 2030 target for renewable energy from the current 32% to at least 40%. In order to curb unsustainable production of renewable energy sources, **reinforced sustainability criteria** are proposed for the use of biomass⁷:

A cap would be introduced for the use of food and feed crop based biofuels. The use of biomass sourced from primary and highly biodiverse forests, peatlands and wetlands would be restricted.

⁷ Biomass currently represents about 60% of EU energy consumption from renewable energy sources.

**QUESTIONS FOR THE AGRICULTURE AND FISHERIES COUNCIL on
11-12 October 2021**

To increase the contribution of agriculture and forestry to climate change mitigation, the "Fit for 55" package recognises the specificities of these sectors and thus takes a two-fold approach: on one side, it stimulates further emission reductions in both sectors; on the other side, it introduces measures to increase their carbon sinking capacity. At the same time, it introduces safeguards to prevent negative effects on biodiversity or GHG savings as a result of increased demand for biomass and wood products.

On the basis of the background set out above, the Presidency would like to invite Ministers to exchange views on the basis of the following **questions**:

Agriculture

Q1: Taking into account the available tools (e.g. the future CAP and the Carbon Farming Initiative), what are the main challenges for agriculture to contribute to the achievement of the objective of 55% net emission reduction of GHG by 2030?

Q2: What is your view on the proposal to place agriculture under a single climate policy instrument - the "land sector" - which should become climate-neutral by 2035?

Forestry

Q4: What are the main challenges and opportunities for forestry to contribute to the achievement of the objective of 55% reduction of GHG emission by 2030, while ensuring the multiple functions they provide?

Q3: "Fit for 55" proposes an increase in the renewable energy target and sets a more ambitious target for the land sector. At the same time, it encourages the use of wood products as a tool for increasing removals. How can the balance between these objectives be achieved?