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**NOTE**

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From: General Secretariat of the Council  
To: Council

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Subject: 'Fit for 55' package: agricultural aspects of the revision of the LULUCF  
Regulation  
*Exchange of views*

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Delegations will find attached a note from the Presidency on the above subject to be dealt with at the Council meeting (Agriculture and Fisheries) on 7 April 2022.

**Presidency background note for the Agriculture and Fisheries Council on 7 April 2022**

*Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review.*

On 14 July 2021, the European Commission published ‘Fit for 55’, a comprehensive legislative package aiming at making the EU fit to reduce net greenhouse gas (GHG) emissions by at least 55% by 2030 compared to 1990 levels, as a first step on the way to achieving climate neutrality by 2050.

While all sectors of the economy will need to contribute to reaching this goal, the role of agriculture and forestry, both as a source of GHG and natural carbon sinks, will be key to achieving carbon neutrality by 2050.

In this context, the revision of the Regulation on greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF) aims to reverse the current trend of decreasing the sector’s carbon sink.

For the period 2026-2030, the proposal envisages the distribution of an **overall target for 2030 of 310 million tonnes of CO<sub>2</sub> equivalent of net GHG removals in the EU among Member States in the form of annual national targets**. From 2031, **non-CO<sub>2</sub> emissions from agriculture (currently covered by the Effort Sharing Regulation (ESR)) and the current LULUCF sector would be brought together in a new AFOLU<sup>1</sup> pillar, with an objective of climate neutrality in 2035 applicable at EU level**.

Three policy debates (October and December 2021 and March 2022) have been held in the Environment Council. This document presented to the Agriculture Council is intended to feed into a policy debate in order to contribute to the ongoing discussions, in line with the work carried out during the review of the Common Agricultural Policy, and in the context of the Farm to Fork Strategy, the Biodiversity Strategy and the new EU Forest Strategy for 2030.

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In the light of these considerations, we propose structuring the debate around the following points:

- 1. Harmonisation of methods for reporting GHG emissions and removals from the agricultural and forestry sectors and taking into account the specific circumstances of each Member State.*

Agricultural and forest land occupies 40.9 % and 39.8 % respectively of the surface area of the European Union. However, the size, quality and proportion of land used for agriculture and forestry vary widely between countries, limiting or favouring the ability of each Member State to participate in the collective GHG removal effort.

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<sup>1</sup> AFOLU: Agriculture, Forestry and Other Land Use. This sector comprises the current LULUCF sector (forest land, cropland, grassland, wetland, settlements and other land) and the non-CO<sub>2</sub> agriculture part currently in the ESR Regulation.

Taking account of these specific national circumstances should, according to the Commission, make it possible to establish a fair distribution of the effort allocated to each Member State.

During the discussions in the Council, the Commission was able to clarify a number of methodological points of its proposal, following questions from several Member States about the uncertainties as regards the calculation of carbon sinks and the compilation of national inventory data. Methodological improvements in inventories over time are likely to have a significant impact on the calculation of the GHG sink of the agricultural and forestry sectors. A ‘technical correction’ mechanism is provided for in the Commission proposal to address this issue.

Several delegations have called for more flexibility in order to achieve their national target.

## ***2. Taking into account climate and biological hazards specific to the agricultural and forestry sectors.***

Agriculture and the LULUCF sector are inherently subject to many natural and biological hazards, which are expected to increase as a result of climate change. Exceptional weather events (frost, droughts, forest fires, storms, etc.) will strongly impact the carbon sink of the Member States’ land sector. In this context, flexibility mechanisms are included in the Commission proposal, in particular to take account of Member States’ specific forestry circumstances, year-to-year variations in the sector or fluctuations linked to natural disturbances.

In the Council Working Party, several delegations asked for clarification regarding the inclusion of natural disturbances in the flexibility mechanisms and their eligibility conditions. They called for due account to be taken of the effect of natural and biological hazards on the GHG removal capacity of the agricultural and forestry sectors, such as extreme events (storms, fires, pests, droughts) and the long-term impact of climate change. They also highlighted the need for increased flexibility in setting annual targets.

**3. Creation of an AFOLU sector incorporating non-CO<sub>2</sub> emissions from agriculture (methane, nitrous oxide) with a collective objective of carbon neutrality in 2035.**

The draft revision includes, from 2031, the creation of an *AFOLU* pillar of CO<sub>2</sub> emissions and removals from land use, land use change, forestry, agricultural soils and biomass (currently under LULUCF) and non-CO<sub>2</sub> agriculture (currently under the ESR)<sup>2</sup>. With this unified framework, the Commission aims to improve the consistency and integration of the different public land management policies, thus allowing for better recognition of the role of agriculture and sustainable forest management in the EU's climate policy.

In this context, the Commission stressed in its proposal the value of support and incentive mechanisms for farmers and foresters to reduce their emissions and increase carbon capture and storage in their land or forests.

For the post-2030 period, with regard to the breakdown of the 2035 neutrality objective, Member States are required to contribute to the achievement of the collective target and explain how they intend to do so in their updated integrated national energy and climate plans by June 2024. On the basis of the plans submitted, the Commission will propose, by the end of 2025, individual Member State targets and EU-wide measures for the post-2030 period. The post-2030 individual targets for the Member States will be the subject of an impact assessment and a new legislative proposal.

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In the light of the above, ministers are invited to give their views on the following questions:

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<sup>2</sup>Only emissions from agriculture related to energy use would be excluded from the AFOLU sector.

1. *To what extent should the methods for drawing up inventories be harmonised in order to ensure equal treatment of the Member States while taking account of the specific agricultural and forestry circumstances of each country?*
  2. *Do you consider that the Commission proposal allows for an adequate consideration of natural disturbances in the assessment of Member States' efforts to achieve their targets?*
  3. *To what extent does the creation of a single AFOLU pillar including all emissions and removals from the agricultural and forestry sectors and aiming at achieving AFOLU neutrality in 2035 make land management policies more consistent?*
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