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General Secretariat

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**Brussels, 27 September 2017**

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**LIMITE**

**CLIMA  
ENV  
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## **MEETING DOCUMENT**

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From:	General Secretariat of the Council
To:	Working Party on the Environment
Subject:	Non-ETS (LULUCF): Coreper 1 on 27 September - HR proposal to amend Recital 14 d, Annex IV and Annex VII

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With a view to the Coreper 1 meeting on 27 September delegations will find attached a proposal from Croatia on the above.

## COREPER 27 September 2017

Croatian proposal to amend **Recital 14 d, Annex IV and Annex VII** of the Proposal for a Regulation of the European Parliament and of the Council on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions

(The proposed changes in text are **bolded**)

### *Recital 14 d Amendments to LULUCF Regulation*

(14d) More forested and in particular smaller forested Member States, **as well as those impacted by catastrophic events in the period 1990-2009**, are more dependent on managed forest land to balance emissions in other accounting categories and will therefore be affected to a higher degree and will have a limited potential to increase their forest coverage. The percentage should be increased on the basis of forest coverage and land area so that Member States with a very small land area and very high forest coverage compared to the Union average, would be granted the highest percentage of their sink for the reference period.

### *Annex IV: National forestry accounting report [...] containing a Member State's updated forest reference level*

#### A. Criteria and guidance for determining forest reference levels

Member State forest reference levels shall be determined in accordance with the following criteria:

(...)

**(f) Reference level should take into account disturbances in forest management and intensity due to human induced catastrophic events. To be classified as catastrophic, the event has to directly affect more than 20% of the territory of Member State and should have to have direct and quantifiable effects on the management of forests in that Member state for longer time, including reference period.**

~~(e)~~(g) Reference levels shall be consistent with the national projections of anthropogenic greenhouse gas emissions by sources and removals by sinks reported under Regulation (EU) No 525/2013;

### *Annex VII: Maximum amount of compensation available under the managed forest land flexibility referred to in Article 11a(3)(a)*

Member State	<u>Reported average forest sink 2000-2009 in million tonnes CO2 equivalent per year</u>	Compensation limit expressed in million tonnes of CO2 equivalent <u>for the period 2021-2030</u>
Croatia	-8,04	<b>-25,6*</b>

**\*proposed value for Croatia is calculated using compensation factored of 32% (as elaborated in PRES non-paper WK 9076/2017)**

**Justification:**

Flexibility mechanism of 9.6 MtCO<sub>2</sub> in the period 2021-2030 with the compensating factor of 12% for the Republic of Croatia does not provide enough opportunities for the Republic of Croatia to avoid penalizing and calculating emissions from Forest Management activities, even in the case of less harvesting, e.g. 90% of the Forest Management Sector principle. Estimates show that the Republic of Croatia needs additional 10 to 13 MtCO<sub>2</sub> over 10 years with the proposed flexibility mechanism, i.e. total compensation should be at least 19.6 to 22.6 MtCO<sub>2</sub>-eq in the period 2021-2030. The above estimates arise from the fact that the reference period was not representative (2000-2009) because the harvest intensity was relatively smaller and below optimum level with respect to economic, energy and ecological value, which was due to the independence war and mined forest area. The Republic of Croatia plans to increase the harvest intensity, along with the continuity of sustainable forest management, which means also permanently holding CO<sub>2</sub> sink.

In the negotiations, the PRES and the EC point of view was based on JRC estimates, which have been carried out on partial data, collected from various sources, and without the verification of national experts. The JRC has developed a Guide for Assessing the Reference Level for Forests (FRL) but this is not an official document and cannot cover all the specifics of the Member States. Harmonization of national data and data JRC cannot be done in the short term.

The clarifications regarding the main parameters of estimations:

The annual increment in the period 2021-2030, of bigger wood, with a diameter of 10 cm in diameter in Croatia will be 10 mil m<sup>3</sup> / year.

The Reference Level for Forest Management (FMRL) for the period 2013-2020 assumes that harvest in 2020 will be 7.9 million m<sup>3</sup> / year or annual cut in the period 2013-2020 on average, 6.9 mil m<sup>3</sup> / year.

The General Forest Management Plan for the period 2016-2025, which is a forest management document for that period, is planning to increase the harvest, resulting in a harvest of 8.7 million m<sup>3</sup> / year in 2030.

JRC data on the reference level, based on partial data from the Republic of Croatia, assumes that the Republic of Croatia will have a yield of 5.8 mil m<sup>3</sup> / year in 2030. The JRC's data are based on the average cut in the period 2000-2012 of about 5 mil m<sup>3</sup> / year (probably gross mark), which was lower than planned because of the unavailability of all areas due to the independence war and mined forest area, and with the related decrease in the wood industry,

which is now recovering. In accordance with this JRC assessment, the proposal for compensation factor for Croatia, under the last proposal of the PRES of 12%, has been set up.

Given that the harvest is currently at the level of 6.5 mil m<sup>3</sup> / year and it is planned to grow up to 8.7 m<sup>3</sup> / year, due to the proposed method of calculation, Croatia will have to calculate emissions from the LULUCF sector, although in reality there will be a sink in the LULUCF sector until 2030.

The Republic of Croatia does not find it justifiable that the industrial sector and the economy compensate for the emissions in the LULUCF sector, in which sinks are continuously carried out through history.

Projection of 'measures' scenarios shows that the Republic of Croatia can meet set quotas from the ESF, but if stronger economic development is achieved, and if the effectiveness of some measures that are not in full national control (measures in the transport sector) is lacking, the fulfilment of the target will be a challenge, which will then have to cover emissions from other sectors outside the ETS.

In relation to this, it is required that for Croatia the percentage of compensation be set at 32% or determined by the linear distribution of the flexibility criteria.

**We would like to draw the attention to the fact that the European Parliament, with its amendments 21 and 52 confirmed in the Plenum, recognized the specificity of the Republic of Croatia, which achieved lower harvest than planned because of the unavailability of all areas due to the independence war and mined forest area, and the related decrease in the activity of the wood industry. With this proposal we would bring the position of the Council closer with that of the European Parliament on this issue.**

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