

Call for evidence on the EU Land Use, Land Use Change and Forestry (LULUCF) Regulation

Carbon Market Watch's feedback to the European Commission's evaluation of the LULUCF Regulation

There is no way around it: the EU LULUCF carbon sink is shrinking. The European Scientific Advisory Board on Climate Change (ESABCC) confirmed that the EU net sink has been declining rapidly over the last 10 years, decreasing by 2021 to a third of its 2005 total ([ESABCC, 2024](#)).

The European Commission has recognised the persistence of this worrying trend, reporting that the EU is not on track to meet the Union-wide net carbon removal target for 2030. Meanwhile, member states lack ambition and action to reach their national targets ([EU COM, 2024](#)). Carbon Market Watch recommends three key areas for improvement in the next revision of the LULUCF Regulation:

1. Remove the offsetting flexibility mechanism and prevent new loopholes from being created through the CRCF

Allowing emissions to be offset with removals does not achieve the rapid, deep and sustained emissions reductions we need to halt the climate crisis. At best, [offsetting is a zero-sum game](#). Equating emissions with removals does not only cause mitigation deterrence, it also perpetuates the wrongful assumption that they have the same impact in the context of the climate crisis (Carbon Market Watch, [2021](#) and [2024](#)). The flexibility between the Effort Sharing Regulation (ESR) and the LULUCF must be deleted if the EU is serious about its climate breakdown responsibilities. These mechanisms not only divert attention from restoring the EU's natural sinks, but undermine essential actions to reduce emissions in transport, buildings and agriculture sectors.

Overcoming the 'no-debit' rule post-2025 and the introduction of binding net removal targets for member states from 2026 to 2030 are steps in the right direction, but the Commission should consider enacting separate LULUCF sector targets for removals and emissions for member states categorised underneath their overall net targets.

The possibility to create and certify units for carbon storage in products through the Carbon Removal Certification Framework (CRCF) raises a significant risk of double counting between countries' inventories and companies' claims. This will result in further delay of emissions reductions ([Carbon Market Watch, 2024](#)).

Currently, the CRCF provides the framework to certify carbon storage in products at the project level - under which category harvested wood products may qualify - that can be sold in the form of corresponding units to companies on the voluntary carbon market. Companies would purchase such units to compensate for their continued emissions and to claim net reductions or climate neutrality. At the same time, the country where the storage products are created would account for these as removals under the LULUCF, and also claim them towards reaching its climate targets. This would be allowed because of a lack of clarity in the CRCF, and [the Commission worryingly seems to endorse such a practice](#). A future revision of the LULUCF Regulation should rule out the possibility for countries and companies to account for the same unit of storage, in line with the principle of "corresponding adjustments" as discussed in UNFCCC negotiations on Article 6 of the Paris Agreement.

2. Decrease forest harvesting by limiting EU reliance on forest biomass and bioenergy

Increased harvest is one of the main drivers of forest sink decline in the EU ([Korusho et al, 2023](#)). From 2016 to 2018, the harvested forest area and biomass loss in Europe increased by 49% and 69% respectively, compared to the years 2011-2015 ([Ceccherini et al, 2020](#)). The aggregate demand for biomass is currently projected to (substantially) exceed the sustainably available supply ([ESABCC, 2024](#)). Currently, only 10 to 20% of harvested forest biomass ends up in long-lived harvested wood products (HWP), with the largest share used for bioenergy and short-lived products ([EEA, 2024](#)). Using HWP provides very limited (when long-lived) to no (when short-lived) climate benefits to delay CO2 emissions until the end of the product's life.

First, temporary carbon storage only has some use for the climate if it prevents stored CO₂ from returning to the atmosphere at least until after global temperatures peak, which might not occur for 100 years or more ([Carbon Market Watch, 2023](#)).

According to the IPCC Guidelines and Annex V of the current LULUCF Regulation, half of the carbon content in HWD should be considered as released back into the atmosphere after 35 years for sawn wood, 25 for wood panels and two years for paper. Although long-lived HWP should be prioritised over short-lived, they do not represent a real climate solution as they do not store the CO₂ long enough to contribute to lowering global average temperatures. A robust and protected ecosystem is a far better store of carbon. Monitoring and verifying that the CO₂ actually remains stored for its specified duration is also extremely difficult, and the CO₂ could return to the atmosphere even before the commonly defined default years.

Secondly, the EEA confirms that much less carbon is stored in HWP than in the forest, partly due to the harvesting process. The science seems to agree on the fact that limiting harvests is a more effective climate change mitigation action than increasing harvests to produce more wood-based materials and fuel, even when considering the fossil feedstocks they substitute ([Koruscho et al](#)). In the short to medium term, the potential additional benefits from HWPs and material substitution are unlikely to compensate for the reduction of the net forest sink associated with the increased harvest ([EU's Joint Research Centre, 2021](#)). It is not only a matter of carbon sequestration: increased harvesting is significantly degrading EU forests and threatening biodiversity ([Fern, 2020](#)).

Incentivising carbon storage in products through the implementation of the Carbon Removal Certification Framework exacerbates the problem. The inclusion of additional carbon storage in products other than HWP should be avoided in the scope of the LULUCF through the CRCF. The LULUCF should limit its reliance on HWP and avoid encouraging demand for additional bio-based products that would put further strain on the EU's forests and its bioeconomy and stretch under-pressure planetary boundaries.

Increased interest in large-scale bioenergy with carbon capture and storage (BECCS) would put even more pressure on land and biodiversity while undermining the climate and ecosystems ([Fern, 2022](#)).

Defining biomass as carbon neutral under the Emissions Trading System (ETS) and the Effort Sharing Regulation (ESR) only creates a perverse incentive for burning it that [represents 'climate hypocrisy'](#).

3. Strengthen synergies with EU policies to restore nature and enhance biodiversity

Protection and restoration of forests, wetlands and agricultural lands are crucial for biodiversity and climate mitigation and adaptation. First, we advocate for better application of the Common Agriculture Policy (CAP). The CAP already has mandatory requirements to preserve wetlands, but over half of the EU Member States have opted to delay its implementation ([ESABCC, 2024](#)). Support mechanisms (so-called eco-schemes) are also allowed under the CAP to restore wetlands, but member state uptake has been inadequate ([ESABCC, 2024](#)). EU countries are also failing to indicate in their CAP Strategic Plans how their green interventions would contribute to their national LULUCF targets ([EEA, 2024](#)). The CAP should also be strengthened to reduce emissions in the agricultural sector by better promoting nature restoration and reducing support for livestock production.

In addition, the adoption of the Nature Restoration Law and its targets can help EU member states reach their LULUCF targets, and the EU should reinforce the link between countries' LULUCF targets and their national restoration plans.

In this first evaluation of the LULUCF Regulation, the Commission should take stock of the above policy inconsistencies and introduce more coherent and improved proposals in the next legislative revision, starting with the following:

- Delete the flexibility mechanisms between the LULUCF and ESR.
- Consider enacting separate LULUCF targets for removals and emissions.
- Rule out double counting between LULUCF inventories and company claims.
- Avoid the inclusion of additional storage in products in the scope of the LULUCF.
- Limit reliance on forest biomass and bioenergy.
- Strengthen the LULUCF Regulation synergies with the CAP and the national restoration plans.

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