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From: General Secretariat of the Council
To: Delegations
Subject: Agriculture and climate

Delegations will find attached a non-paper from the Latvian delegation on the above subject.

Latvia's view and special circumstances regarding agriculture and LULUCF under the Climate and Energy Framework for 2030

On 24th October 2014 the European Council adopted Conclusions on the *2030 Climate and Energy Policy Framework* (hereinafter – European Council conclusions) approving legally binding and ambitious climate change mitigation targets for 2030. It outlined a methodology to set Member States' (MSs) national targets for greenhouse gas (GHG) emissions from activities that are not covered by the European Union (EU) Emissions Trading System (non-ETS) and established a condition that the fulfilment of targets has to be fair and cost-effective. Paragraph 2.14 of the European Council Conclusions acknowledged and emphasized the objectives of the agriculture and land use sector, their relatively lower mitigation potential as well as the need to move on with sustainable intensification of food production to achieve the coherence between EU objectives in food production, renewable energy and climate change.

Both bio-based land use sectors (agriculture and forestry) are very important for Latvian economy and rural development (rural areas form 89 % of territory), prosperity and growth of those territories is primary dependent on competitive agriculture and forestry. Emission reduction potential for bio-based land use sectors is substantially more limited compared with technological sectors.

Agriculture sector forms 31% of Latvian non-ETS sector in 2014. Proportion of non-ETS in Latvia is exceptionally high – 79% (2014). In order to ensure viability of rural areas, it is very important to enhance rural employment, maintain the rural population and promote the farm diversification activities and that goes hand in hand with employing the full use of the land resources suited for agriculture activities.

The base year of 2005 represents the lowest period of agricultural activities, therefore it should be considered while discussing 2030 emission reduction targets. **Latvia is of opinion that the following basic principles and elements of the methodology shall be taken into account for setting the reduction targets in upcoming effort sharing decision:**

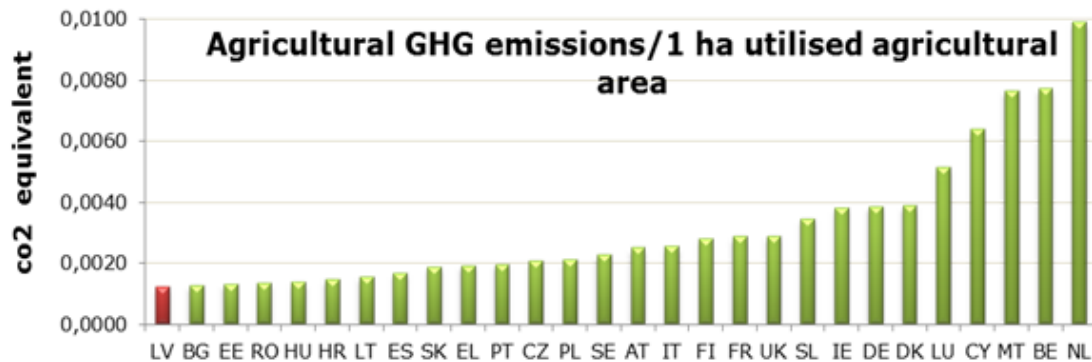
1. Separate GHG emission reduction target must be set for LULUCF taking into account that:

- a. LULUCF has very high uncertainty of data and significant data recalculation of whole time series is observed every year which would make discrepancies for policy planning;
- b. incentives should be promoted for long-term investments in LULUCF sector (e.g., targeted forestry measures);
- c. according to the **European Council Conclusions** of 24th October 2014, agriculture is recognized as a sector with comparatively low GHG reduction potential and requires additional flexibilities. However flexibility between LULUCF and non-ETS for some Member States (e.g., Latvia) can be substantially limited therefore MSs with such national circumstances should be provided by other types of flexibilities as acknowledged in **European Council Conclusions** paragraph 2.14.

2. There have been significant differences in GHG accounting even during the commitment period of 2013 – 2020 – difference between initial calculated Forest Management Reference Level (hereinafter – FMRL) for Latvia showed more than 50% of change in comparison with the first preliminary technical recalculation of FMRL. Analysing these recalculations and the substantial difference in them we have identified the following national circumstances for LULUCF:

- a. The base period for the estimation of the 2030 targets should reflect sector's activity during stable management level (periods of extreme operation are not taken into account). Future target should take into account capacity of stable management level and future development of the sector and should not be based on the period when land sector was still under development. FMRL for 2013-2020 was estimated based on timber harvesting level of 1990-2009. For Latvia the base period of 1990-2009 is incongruous for it does not reflect the aforementioned period of stable management level. During 1990s the Latvian forest industry was in a phase of development, as the land reform in Latvia was started only after 1991 and it took more than 20 years to stabilize the structure of private forest ownership and the level of forest management;
- b. FMRL in future should be based on the age structure of forests. Target should be established only for GHG emissions caused by direct human activities as only these can be adequately assessed, measured and influenced;

- c. flexibility between accounting periods of LULUCF sector or similar solution which takes into account the long term approach should be ensured. In forestry and land sector investments have long-term returns and exceed the term of one commitment period. .Meanwhile also deforestation, created by large infrastructure projects (e.g., Rail Baltica) should be taken into account.
3. Differences in relative GHG emission levels per hectare must be taken into account, e.g agricultural emissions per ha of agricultural land in Latvia are the lowest in Europe (1.2 tCO₂ eq.) and less than half of the EU average (2.6 t CO₂ eq.):



Source: Eurostat (2013)

4. land use patterns are projected to stabilize until 2030 but currently Latvia still has abandoned agricultural land (about 19% of Latvia's utilised agriculture land) that is not used neither for agriculture nor for forestry. It means unused potential in terms of land use as well as production efficiency; by not returning this land back to agricultural production further development opportunities for Latvian agriculture sector would be limited;
5. in 2014, the largest GHG emission source in agriculture was direct and indirect N₂O emissions from agricultural soils – 59.3 %. More than half of these emissions (54 %) are from management of organic soils. In LULUCF sector 5.2 % of agricultural land are organic soils and about 70 % of organic soils are cultivated. Second largest source of emissions was enteric fermentation – 32.3 %, where it is practically impossible to implement measures of significant mitigation potential;
6. it is allowed to distinguish measurable and controlled human-induced activities and respective GHG changes; significant country specific natural processes and subcategories are recognized in accounting, e.g. organic soils, wetland and grassland categories. Emissions from land use are difficult to reduce (without stopping the land use activities) and any activity on land can generate GHG emissions even if the best available land use technologies and practices are used.