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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on accounting rules and action plans on greenhouse gas emissions and removals
resulting from activities related to land use, land use change and forestry**

{SWD(2012) 40 final}
{SWD(2012) 41 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The need to act on climate change now

At the end of 2010, in the context of the United Nations Framework Convention on Climate Change (UNFCCC), it was recognised that global warming must not exceed the temperatures experienced before the industrial revolution by more than 2° C¹. This is vital if the negative consequences of human interference with the climate system are to be limited. Global emissions must therefore start declining. This long-term goal requires global greenhouse gas emissions to be reduced by at least 50 % below 1990 levels by 2050².

Developed countries as a group should reduce emissions by 80 to 95 % by 2050 compared to 1990 levels. In the medium term, the Union has committed to reduce its greenhouse gas emissions by 20 % below 1990 levels by 2020, and by 30 % below if conditions are right³. The land use, land use change and forestry (LULUCF) sector does not form part of that commitment.

However, Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community⁴ (the EU Emission Trading System, 'EU ETS') and Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020⁵ (the Effort Sharing Decision, 'ESD') note that all sectors of the economy should contribute to reaching the Union's greenhouse gas emission reduction target for 2020. Moreover, Article 9 of Decision No 406/2009/EC invited the Commission to assess the modalities for including emissions and removals from activities related to LULUCF in the Union reduction commitment and to make a legislative proposal, as appropriate, whilst ensuring the permanence and environmental integrity of the contribution of the sector, and providing for accurate monitoring and accounting.

Following wide consultation of Member States and stakeholders, and an impact assessment, the Commission accordingly proposes a Decision to provide, as a first step, a legal framework for robust, harmonised and comprehensive accounting rules for LULUCF that are designed to accommodate its specific profile. The proposal establishes a legal framework for the LULUCF sector which is separate from the frameworks regulating the existing commitments (the EU ETS and ESD), meaning that the sector would not formally be included in the 20 % greenhouse gas emission reduction target at this stage. Only once robust accounting rules and monitoring and reporting are in place, the LULUCF sector could be formally included in the Union's emission reduction targets. To this end, the Commission has also put forward a proposal to repeal Decision No 280/2004/EC of the European Parliament and of the Council of 11 February 2004 concerning a mechanism for monitoring Community greenhouse gas

¹ Decision 1/CP.16 of the Conference of Parties to the UNFCCC (the 'Cancún Agreements').

² Based on the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

³ Conclusions of the European Council of 8/9.3.2007.

⁴ OJ L 140 5.6.2009, p. 63.

⁵ OJ L 140, 5.6.2009, p. 136. .

emissions and for implementing the Kyoto Protocol⁶, replacing it by a Regulation of the European Parliament and of the Council on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change⁷.

The role of land use and forestry in climate change

In the Union, emissions of greenhouse gases come mainly from energy production and other man-made sources. At the same time, carbon is absorbed (removed) from the atmosphere through photosynthesis and stored in trees and associated wood products, and in other plants and soils. Therefore, appropriate land uses and management practices in forestry and agriculture can limit emissions of carbon and enhance removals from the atmosphere. Such practices are covered by the LULUCF sector, which comprises mostly carbon dioxide (CO₂) emissions and removals by terrestrial ecosystems, generally estimated as carbon stock changes⁸. In 2009, LULUCF removed an amount of carbon from the atmosphere equivalent to about 9% of the Union's total greenhouse gas emissions in other sectors.

Agriculture, forestry, related industries and energy are the most important economic sectors relevant for LULUCF and they can contribute to the reduction of emissions and enhancement of sinks in several ways. **Agricultural** measures, aimed at reducing the conversion of grassland and carbon losses from the cultivation of organic soils, could include improving agronomic practices such as using different crop species (e.g. more leguminous crops) and extending crop rotations. Agro-forestry practices which provide higher soil carbon stocks could contribute by keeping livestock or growing of food crops on land on which trees are also grown for timber, energy or other wood products. Organic materials can also be returned to or left on the land to improve the productivity of croplands and grasslands, while rewetting, setting aside or not draining organic soils, including peat land, and restoring degraded soils can have significant mitigation and biodiversity benefits. In view of this, including cropland and grassland management into accounting of emissions would be a necessary step towards the full recognition of the contribution of these activities to meet the climate challenge commitments.

Forestry also has much potential to boost mitigation. This includes practices such as converting non-forest land to forest (i.e. afforestation)⁹, avoiding the conversion of forest to other types of land (i.e. deforestation), storing carbon in existing forests through longer rotation periods of trees, avoiding clear-felling (e.g. forest management on thinning or selective logging) and conversion to undisturbed forests, and more widespread use of prevention measures to limit the impacts of disturbances such as fires, pests and storms. Equally importantly, existing forests can be made more productive by spacing rotations closer to the productive maximum, producing more from low-production forests and increasing the harvest of timber off-cuts and branch-wood, provided biodiversity, soil fertility and organic

⁶ OJ L 49, 19.2.2004, p. 1.

⁷ COM(2011) 789 final — 2011/0372 (COD).

⁸ Other greenhouse gases from agricultural activities, e.g. methane and nitrous oxide from ruminants and fertilisers, do not count under LULUCF, which deals primarily with carbon emissions and removals in vegetation and soils. Non-CO₂ emissions from agriculture are included in a separate agriculture inventory.

⁹ There is also a trade-off, namely conversion should not induce 'carbon leakage', i.e. replacement of domestically produced food by imported food that has a more negative carbon footprint.

matter can be maintained. An impact could also be obtained by changing species composition and growth rates.

In addition to the opportunities directly linked to forestry and agriculture, there are potential mitigation benefits in the related **industries** (e.g. pulp and paper, wood processing) **and renewable energy sectors** if agricultural land and forests are managed for production of timber and energy. Whilst carbon is stored in trees and in other plants and soils, it can also be stored for several decades in products (e.g. construction wood). Industry and consumer oriented policies can make an important contribution to increasing the long term use and recycling of wood and/or the production of pulp, paper and wood products, thereby replacing more emission-intensive equivalents (e.g. concrete, steel, plastics made from fossil fuels). In fact, the bio-based industry can make use of crops grown for material substitution (e.g. hemp and grass for insulation instead of glass fibre, straw for furniture production, car door panels made from flax or sisal plants, bio-plastics) or for energy (e.g. using biomass instead of fossil fuels). Studies show that for each tonne of carbon in wood products substituted for non-wood products an average greenhouse gas emission reduction of approximately two tonnes of carbon can be expected¹⁰.

The inclusion of mandatory accounting for forest management, cropland management and grazing-land management would make action taken by farmers, foresters and forest-based industries more apparent and provide the basis for designing policy incentives to increase their mitigation action. If such efforts are being accounted for, their overall greenhouse gas impact is more correctly reflected and the cost-efficiency of reaching emission reduction targets would be improved.

Given the fact that agricultural land use, forestry and related industries differ greatly between Member States in terms of their emission potential within the Union no single policy approach will fit them all. A tailored approach is needed to tackle the different forms of land uses and forestry practices. The fundamental pre-condition for protecting and enhancing carbon stocks, and the rate of removals is the provision of a level playing field between different types of measures in the various sectors in the Member States (e.g. grazing land management or bio-energy production), through accurate and harmonised accounting for emissions and removals from the LULUCF sector.

Current policies are not enough

Although the LULUCF sector does not yet count towards the Union's emission reduction target for 2020, it counts in part towards the Union's commitment under the Kyoto Protocol ('Kyoto Protocol') to the UNFCCC, approved by Council Decision 2002/358/EC¹¹ for the period from 2008 to 2012. However, the existing international accounting rules, which are a mix of voluntary and mandatory practices, have significant drawbacks. Most importantly, accounting is voluntary for most LULUCF activities, notably for forest management (representing about 70% of the sector) and for cropland and grazing-land management (representing about 17% of the sector). As a result, accounting in this first commitment period under the Kyoto Protocol varies greatly between Member States. Another drawback is the lack of incentives for climate change mitigation in forestry. **Improvements in accounting are necessary** to create a level playing field within the agricultural, forestry and related

¹⁰ See e.g. Sathre R. and O'Connor J. (2010), 'A synthesis of research on wood products and greenhouse gas impacts', 2nd edition, Vancouver, B. C. FP Innovations, p 117.

¹¹ OJ L 130, 15.5.2002, p. 1.

industries and energy sectors in the Member States with a view to ensuring their consistent treatment within the Union's internal market.

Robust and harmonised estimation of emissions and removals in agriculture and forestry requires investment in monitoring and reporting capacity. Nonetheless, there are still significant gaps and the accuracy and completeness of the reported data must be improved, especially as regards data on agricultural soils. **Improvements in monitoring and reporting** will therefore not only support accounting but also provide a robust, clear and visible indicator of progress in agriculture and forestry.

Fostering synergies with wider policy objectives is also important. Incentives do exist to promote the use of bio-energy¹² but currently there is no coherent approach to climate change mitigation in the LULUCF sector through measures in agriculture, forestry and related industries.

Indeed, climate change mitigation could play an increasingly important role in the Common Agricultural Policy (CAP). In the post-2013 Union rural-development policy, climate change mitigation and adaptation could be tackled by offering better incentives for carbon sequestration in agriculture and forestry. Some of them would at the same time enhance and protect carbon stocks and generate co-benefits for biodiversity and for adaptation by increasing water-retention capacity and reducing erosion. Mandatory accounting of associated carbon fluxes would make the positive contribution of these measures more visible and ensure their full contribution towards meeting the climate change challenge. Accounting for LULUCF would also clarify the benefits of sustainable bio-energy by better reflecting related emissions, in particular those resulting from the combustion of biomass, which is unaccounted for at the moment. This would strengthen the incentives provided by sustainability criteria in the context of renewable energy targets.

However, LULUCF is not like other sectors. Removals and emissions of greenhouse gases in this sector are the result of relatively slow natural processes. It can take decades before measures such as afforestation have a significant effect. Therefore, action to increase removals and reduce emissions in forestry and agriculture should be considered over the long-term. Moreover, emissions and removals are reversible: such reversals may be because extreme events such as fires, storms, droughts or pests have had an impact on forest and land cover or because of management decisions (e.g. to harvest or plant trees). In addition, **annual fluctuations** of emissions and removals in forests are high and can amount to as much as 35 % of the total annual emissions in some Member States as a result of natural disturbances and harvesting. This would make it difficult for Member States to comply with annual targets.

Although emissions and removals from LULUCF are reported under the UNFCCC and partially accounted under the Kyoto Protocol, the sector was left out of the Union's climate commitments under the Climate and Energy Package due to the recognition of serious deficiencies in international accounting rules of emissions and removals from this sector. Also, the expectation at the moment of setting the Union emission reduction target was that the climate summit in Copenhagen in 2009 would deliver an international agreement on climate change, including revised accounting rules for LULUCF, which could then be adopted by the Union. This did not happen on that occasion.

¹² Directive 2009/28/EC.

However, during the 17th Conference of the Parties of the UNFCCC serving as the meeting of the Parties to the Kyoto Protocol in Durban in December 2011 progress was made. In this framework, Decision -/CMP.7 sets out the rules, definitions and modalities for accounting for the LULUCF sector as of a second commitment period under the Kyoto Protocol. In particular, accounting for forest management activities, including for harvested wood products, will be mandatory and definitions for natural disturbances and wetland drainage and rewetting were established. Therefore, it is important to proceed at Union level in parallel with the international processes. A legal proposal on accounting for emissions and removals from activities related to LULUCF in the Union needs to be in line with the decisions taken at international level in order to ensure the appropriate level of coherence; at the same time, however, it should give the Union a chance to lead by example with a view to an international agreement as of a second commitment period of the Kyoto Protocol.

The aim of this proposal is therefore to gradually integrate the LULUCF sector into the Union's climate policy by means of a separate legal framework which addresses the sector's specific profile and by ensuring a robust and harmonised accounting framework. Most importantly, it would complete the accounting of anthropogenic greenhouse gas emissions from all economic activities within the Union. As part of that it would increase the visibility of ongoing and new mitigation efforts in agriculture, forestry and related industries and provide a basis for designing adequate policy incentives (e.g. in the CAP and in view of the *Roadmap to a Resource Efficient Europe*¹³). Laying down common Union accounting rules would also level the playing field among Member States. It would capture the changes in carbon stocks due to the use of domestically produced biomass, thus completing the accounting of bio-energy at the level of the economy. This would strengthen the environmental integrity of the Union's climate policy. Lastly, it would be an important and necessary move towards a cost effective pursuit of more ambitious climate targets. To this end, it is therefore important to establish robust and harmonised accounting rules for the sector and to ensure their contribution towards meeting the climate change challenges.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

Consultations with stakeholders

In early 2010, an expert group on climate policy for LULUCF was established under the European Climate Change Programme. The group comprised a wide range of stakeholders: environmental NGOs, trade associations, experts from public administrations and researchers. The group's objective was to define and provide input on critical issues related to the inclusion of the LULUCF sector in the Union's climate change mitigation efforts. This helped define the scope and steer the work of the Commission. The summary report with the main findings is available on the relevant Commission websites¹⁴.

An online public consultation was carried out in 2010 to collect views on the opportunities and challenges related to the inclusion of the LULUCF sector in the Union's greenhouse gas emission reduction commitments¹⁵. A total of 153 responses were received, representing the views of private companies, business and industry organisations, individuals and private land

¹³ COM(2011) 571 final.

¹⁴ http://ec.europa.eu/clima/events/0029/index_en.htm .

¹⁵ http://ec.europa.eu/clima/consultations/0003/index_en.htm .

owners, non-governmental organisations, academia and research, and public authorities. The same questions were subsequently used in a separate consultation with Member States and 14 responses were received. The following points can be made based on the data collected through the online public consultation:

- most of the respondents believe that land use activities could contribute to mitigating climate change even in the short term (until 2020) and in the longer term between 2020 and 2050;
- the majority replied that the LULUCF sector should be part of the Union's greenhouse gas emission reduction targets for 2020, with a tendency in favour of including the sector only if the Union were to take on a more ambitious commitment;
- respondents tended to favour a separate accounting framework for the LULUCF sector, as opposed to inclusion in the EU ETS or ESD;
- the majority of respondents also agreed that there is a need for more harmonisation and standardisation in reporting and monitoring within the Union;
- the vast majority of respondents considered the existing Union and national policies to be insufficient to ensure that land use activities contribute to climate change mitigation.

The full results of the online public consultation and the consultation with Member States are available on the relevant Commission websites¹⁶.

Finally, the Commission also held a stakeholder meeting on 28 January 2011 in Brussels. Around 75 participants representing Member States, trade associations, environmental NGOs and research institutes took part in the discussions. The proceedings are also available on the relevant Commission websites¹⁷.

Impact assessment

The impact assessment investigated three key issues that need to be addressed when assessing how LULUCF should be included in the Union's greenhouse gas emission reduction commitments, namely how to:

- ensure robust accounting rules for emissions and removals;
- achieve robust monitoring and reporting;
- establish the appropriate policy context for bringing the sector into the Union's climate change commitments.

Based on the policy context for including the sector in the Union's commitments currently regulated by the ESD and the EU ETS, the impact assessment considered three options for including LULUCF, namely as part of the ESD, as a separate framework or by delaying inclusion altogether. Each option addressed the issues of accounting and monitoring. The

¹⁶ http://ec.europa.eu/clima/events/0029/index_en.htm .

¹⁷ http://ec.europa.eu/clima/events/0029/index_en.htm .

potential social, economic and environmental impacts of the various options were considered in detail.

The impact assessment concluded that there were good reasons to include LULUCF in the Union's greenhouse gas emission-reduction commitments, namely to improve their policy coherence, environmental integrity and economic efficiency. But this will only be possible if the right policy context for LULUCF is put in place. The high variability of emissions and removals in forests means that annual emission reduction targets of the kind that apply to other sectors are unsuitable. The long lead times needed for mitigation measures to take effect also set LULUCF apart from most other sectors. In view of this, the impact assessment indicated that **a separate legal framework** for LULUCF would be the preferred option. In terms of accounting, the suitable options identified included **mandatory accounting of emissions and removals from both forestry and agricultural activities** and giving equal weight to mitigation action irrespective of whether it was taken in the forestry, agriculture, related industries or energy sectors. This is more cost-efficient and will ensure a level playing field not only for Member States but also for the various sectors of the Union's internal market. It will also provide a framework of incentives for mitigation action by farmers, foresters and related industries, ensuring that such action is visible and correctly recorded. Broad coverage of emissions and removals will also ensure that potential reversals are reflected in the accounting system. Mitigation actions should nevertheless not be put on hold. National action plans could be prepared to provide a strategy and forecast for LULUCF. This would be an intermediate step towards the sector's full integration into current policies. Moreover, the impact assessment also indicated that monitoring and reporting needed to be improved to underpin the accounting framework and the indicators tracking progress in agriculture and forestry. The Commission proposes to achieve this through a separate framework, namely by revising the Monitoring Mechanism Decision. For reasons of comparability and cost-efficiency, better use could also be made of Union-wide monitoring instruments such as LUCAS and CORINE.

The full results are presented in the impact assessment accompanying the proposal.

Summary of the proposal

The main objective of this Decision is to establish robust and comprehensive accounting rules for LULUCF as well as to enable future policy development towards the full inclusion of LULUCF in the Union's greenhouse gas emission reduction commitments when the conditions are right. To this end this Decision establishes a framework for:

- a mandatory accounting obligation on Member States as regards greenhouse gas emissions by sources and removals by sinks associated with agricultural and forestry activities in the LULUCF sector and voluntary accounting for revegetation and wetland drainage and rewetting;
- the general accounting rules that must be applied;
- the specific accounting rules for afforestation, reforestation, deforestation, forest management, changes in the harvested wood products pool, cropland management, grazing land management, revegetation, and wetland drainage and rewetting;
- the specific rules for accounting for natural disturbances;

- adopting LULUCF Action Plans in Member States designed to limit or reduce emissions by sources and maintain or increase removals by sinks associated with LULUCF activities, and for the evaluation of those plans by the Commission;
- the Commission's power to update the definitions laid down in Article 2 in the light of changes to definitions adopted by the bodies of the UNFCCC or the Kyoto Protocol or other multilateral agreement relevant to climate change concluded by the Union, to amend Annex I to add accounting periods and ensure consistency between those accounting periods and the relevant periods applicable to Union emission reduction commitments in other sectors, to amend Annex II with updated reference levels in accordance with the proposed reference levels submitted by Member States pursuant to Article 6 subject to corrections made in accordance with this Decision, to revise the information specified in Annex III in accordance with scientific progress and to revise the conditions relating to the accounting rules for natural disturbances laid down in Article 9(2) in the light of scientific progress or to reflect revisions to acts adopted by UNFCCC or Kyoto Protocol bodies.

3. LEGAL ELEMENTS OF THE PROPOSAL

Legal basis

The legal basis for the legislative proposal is Article 192(1) of the Treaty on the Functioning of the European Union. The proposal pursues a legitimate objective within the scope of Article 191(1) of the Treaty on the Functioning of the European Union, namely, combating climate change. The purpose of the legislative proposal is to ensure Member States' accurate and consistent accounting of emissions by sources and removals by sinks related to LULUCF, and therefore to improve the availability of information for policy and decision making in the context of the Union's climate change commitments and provide incentives for mitigation efforts. This objective cannot be achieved by less restrictive means than the legislative proposal.

Subsidiarity principle

For Union action to be justified, the subsidiarity principle must be respected.

(a) Transnational nature of the problem (necessity test)

Climate change is a trans-boundary issue which requires joint action by Member States. National actions alone would not achieve compliance with the common greenhouse gas emission reduction targets set at Union's level; they would also neither meet the objectives nor fulfil internationally agreed commitments. It is therefore necessary for the Union to create an enabling legal framework to ensure harmonised accounting for the LULUCF sector wherever possible in order to further its contribution to the climate change commitments of the Union.

(b) Effectiveness test (added value)

By reason of its effectiveness, taking action at Union level would produce clear benefits compared to action at Member State level. As the overarching climate change commitments are made at the Union level, it is effective to also develop the required accounting rules at this level. Moreover, overcoming the problems that have been identified, such as the need to have

accurate and consistent accounting methodologies for the different LULUCF activities, requires common rules across all Member States. This can be ensured only at the Union level.

This legal framework will ensure effectiveness by employing harmonised and sound accounting and LULUCF Action Plans, and by enabling a more detailed assessment and evaluation of progress in Member States. This will ensure the coherence of the Union's climate policy, further improve the environmental integrity of the Union's climate change commitments and enhance the economic efficiency of the Union's climate policy.

Proportionality principle

The proposal complies with the proportionality principle for the following reasons:

It does not go beyond what is necessary in order to achieve the objectives of improving climate change data quality and ensuring compliance with international and Union requirements and commitments.

The proposal is proportionate to the Union's overall objective of reaching the Union targets enshrined in the Climate and Energy Package, the Kyoto Protocol, the Copenhagen Accord and the Decisions 1/CP.16, 1/CMP.6 and 2/CMP.6 ('Cancun Agreements').

The proposal provides for the implementation of accounting rules which are similar to, but more robust and comprehensive than, the ones discussed and employed at international level, especially with regard to Decision -/CMP.7.

4. BUDGETARY IMPLICATION

As specified in the financial statement accompanying this Decision, the Decision will be implemented using the existing budget and will not have an impact on the multi-annual financial framework.

5. OPTIONAL ELEMENTS

The proposal includes a provision pursuant to which the Commission will review the accounting rules in this Decision at the latest within one year of the end of the first accounting period.

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**on accounting rules and action plans on greenhouse gas emissions and removals
resulting from activities related to land use, land use change and forestry**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee¹⁸,

Having regard to the opinion of the Committee of the Regions¹⁹,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Union land use, land use change and forestry ('LULUCF') sector is a net sink that removes from the atmosphere greenhouse gasses in an amount equivalent to a significant share of total Union emissions. It results in anthropogenic emissions and removals of greenhouse gases as a consequence of changes in the quantity of carbon stored in vegetation and soils. Emissions and removals of greenhouse gases resulting from the LULUCF sector are not counted towards the Union's 20% greenhouse gas emission reduction targets for 2020 pursuant to Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the efforts of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020²⁰ and Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC²¹, though they count in part towards the Union's quantified emission limitation and reduction target pursuant to Article 3(3) of the Kyoto Protocol ('Kyoto Protocol') to the United Nations Framework Convention on Climate Change ('UNFCCC'), approved by Council Decision 2002/358/EC²².

¹⁸ OJ C , , p. .

¹⁹ OJ C , , p. .

²⁰ OJ L 140, 5.6.2009, p. 136.

²¹ OJ L 275, 25.10.2003, p. 32.

²² OJ L 130, 15.5.2002, p. 1.

- (2) Article 9 of Decision No 406/2009/EC requires the Commission to assess modalities to include greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry into the Union's greenhouse gas emission reduction commitment, whilst ensuring the permanence and environmental integrity of the contribution of the sector, and providing for accurate monitoring and accounting of the relevant emissions and removals. This Decision should, therefore, as a first step, set out accounting rules applicable to greenhouse gas emissions and removals from the LULUCF sector. To ensure the preservation and enhancement of carbon stocks in the interim, it should also provide for Member States to adopt LULUCF Action Plans setting out measures to limit or reduce emissions, and to maintain or increase removals, from the LULUCF sector.
- (3) The 17th Conference of the Parties of the UNFCCC, meeting in Durban in December 2011, adopted Decision -/CMP.7 of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol ('Decision -/CMP.7'). That decision set out rules for accounting for the LULUCF sector as of a second commitment period under the Kyoto Protocol. This Decision should be in line with that decision to ensure an appropriate level of coherence between the Union's internal rules and methodologies agreed within the UNFCCC. This Decision should also reflect the particularities of the Union LULUCF sector.
- (4) The LULUCF accounting rules should reflect efforts made in the agriculture and forestry sectors to enhance the contribution of changes made to the use of land resources to the reduction of emissions. This Decision should provide for accounting rules applicable on a mandatory basis to the forestry activities of afforestation, reforestation, deforestation and forest management, and to the agricultural activities of grazing land management and cropland management. It should also provide for accounting rules applicable on a voluntary basis to revegetation and wetland drainage and rewetting activities.
- (5) To ensure the environmental integrity of the accounting rules applicable to the Union LULUCF sector, these rules should be based on the accounting principles laid down in Decision -/CMP.7, and Decision 16/CMP.1 of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.
- (6) The accounting rules should accurately represent human-induced changes in emissions and removals. In that regard, this Decision should provide for the use of specific methodologies in respect of different LULUCF activities. Emissions and removals related to afforestation, reforestation and deforestation are the direct result of human intervention and should therefore be accounted for in their entirety. However, given that not all emissions and removals from forest management are anthropogenic, the relevant accounting rules should provide for the use of reference levels to exclude the effects of natural and country-specific characteristics. Reference levels constitute estimates of the annual net emissions or removals resulting from forest management within the territory of a Member State for the years included in an accounting period, and should be set transparently in accordance with Decision -/CMP.7. They should be updated to reflect improvements to methodologies or data available in the Member States. The accounting rules should provide for an upper limit applicable to net greenhouse gas emissions and removals for forest management that may be entered into accounts, given underlying uncertainties in the projections on which the reference levels are based.

- (7) The accounting rules should ensure that Member States accurately reflect in accounts the time emissions of greenhouse gasses from harvested wood take place, to provide incentives for the use of harvested wood products with long life cycles. The first-order decay function applicable to emissions resulting from harvested wood products should therefore correspond to equation 12.1 of the 2006 Intergovernmental Panel on Climate Change ('IPCC') Guidelines for National Greenhouse Gas Inventories, and the relevant default half-life values should be based on Table 3a.1.3 of the 2003 IPCC Good Practice Guidance for Land Use, Land Use Change and Forestry.
- (8) Since inter-annual fluctuations in greenhouse gas emissions and removals resulting from agricultural activities are much smaller than those related to forestry activities, Member States should account for greenhouse gas emissions and removals from cropland and grazing land management activities relative to its base year in accordance with their reviewed initial report on base year emission data as submitted to the UNFCCC pursuant to Decision 13/CMP.1 of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol ('Decision 13/CMP.1').
- (9) Natural disturbances, such as wildfires, insect and disease infestations, extreme weather events and geological disturbances, may result in greenhouse gas emissions or reductions of a temporary nature in the LULUCF sector, or may cause the reversal of previous removals. As reversal can also be the result of management decisions, such as decisions to harvest or plant trees, this Decision should ensure that human-induced reversals of removals are always accurately reflected in LULUCF accounts. Moreover, this Decision should provide Member States a limited possibility to exclude emissions resulting from disturbances that are beyond their control from their LULUCF accounts. However, the manner in which Member States apply those provisions should not lead to undue under-accounting.
- (10) Reporting rules on greenhouse gas emissions and other information relevant to climate change, including information on the LULUCF sector, fall within the scope of Regulation (EU) No .../... [Commission proposal for a Regulation of the European Parliament and of the Council on a mechanism for monitoring and reporting Union greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change (COM/2011/0789 final — 2011/0372 (COD)], and are not therefore within the scope of this Decision.
- (11) Inter-annual fluctuations in emissions and removals, the frequent need to recalculate certain reported data, and long time required for changed management practices in agriculture and forestry to have an effect on the quantity of carbon stored in vegetation and soils would make LULUCF sector accounts inaccurate and unreliable if compiled on an annual basis. This Decision should therefore provide for longer and more appropriate accounting periods.
- (12) Member State LULUCF Action Plans should set out measures to limit or reduce emissions and to maintain or increase removals from the LULUCF sector. Each LULUCF Action Plan should contain certain information as specified in this Decision. Moreover, to promote best practice, an indicative list of measures that may also be included in those plans should be set out in Annex to this Decision. The Commission should periodically evaluate the content and implementation of Member States' LULUCF Action Plans and, where appropriate, provide recommendations to enhance Member State action.

- (13) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to update the definitions laid down in Article 2 in the light of changes to definitions adopted by the bodies of the UNFCCC or the Kyoto Protocol or other multilateral agreement relevant to climate change concluded by the Union, to amend Annex I to add accounting periods and ensure consistency between those accounting periods and the relevant periods applicable to Union emission reduction commitments in other sectors, to amend Annex II with updated reference levels in accordance with the proposed reference levels submitted by Member States pursuant to Article 6 subject to corrections made in accordance with this Decision, to revise the information specified in Annex III in accordance with scientific progress and to revise the conditions relating to the accounting rules for natural disturbances laid down in Article 9(2) in the light of scientific progress or to reflect revisions to acts adopted by the UNFCCC or Kyoto Protocol bodies. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.
- (14) Since the objectives of the proposed action cannot, by their very nature, be sufficiently achieved by the Member States alone and can therefore by reason of scale and effects of the action be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS DECISION:

Article 1

Subject matter and scope

This Decision sets out accounting rules applicable to emissions and removals resulting from land use, land use change and forestry activities. It also provides for Member State LULUCF Action Plans to limit or reduce emissions and to maintain or increase removals, and for the evaluation of those plans by the Commission.

Article 2

Definitions

1. For the purposes of this Decision, the following definitions apply:
 - (a) ‘emissions’ means anthropogenic greenhouse gas emissions by sources;
 - (b) ‘removals’ means anthropogenic greenhouse gas removals by sinks;
 - (c) ‘afforestation’ is the direct human-induced conversion of land that has not been forest for a period of at least 50 years to forest through planting, seeding and/or

the human-induced promotion of natural seed sources, where the conversion has taken place after 1 January 1990;

- (d) 'reforestation' is any direct human-induced conversion of land that is not forest to forest through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was covered with forest, but that has been converted to land without forest, where the conversion has taken place after 1 January 1990;
- (e) 'deforestation' is the direct human-induced conversion of forest to land that is not forest, where the conversion has taken place after 1 January 1990;
- (f) 'forest management' is any activity resulting from a system of practices applicable to a forest and aimed at improving any ecological, economic or social function of the forest;
- (g) 'cropland management' is any activity resulting from a system of practices applicable to land on which agricultural crops are grown and on land that is set aside or temporarily not being used for crop production;
- (h) 'grazing land management' is any activity resulting from a system of practices applicable to land used for livestock production and aimed at controlling or influencing the quantity and type of vegetation and livestock produced;
- (i) 'revegetation' is any direct human-induced activity intended to increase the carbon stock of any site that covers a minimum area of 0.05 hectares, through the proliferation of vegetation, where that activity does not constitute afforestation or reforestation;
- (j) 'carbon stock' is the quantity of the element carbon stored in a carbon pool, expressed in millions of tonnes;
- (k) 'wetland drainage and rewetting' is any activity resulting from a system for draining or rewetting land that covers a minimum area of 1 hectare and on which organic soil is present, provided the activity does not constitute any other activity referred to in Article 3(1), and where draining is the direct human-induced lowering of the soil water table, and rewetting is the direct human-induced partial or total reversal of drainage;
- (l) 'source' is any process, activity or mechanism that releases a greenhouse gas, an aerosol or a precursor to a greenhouse gas into the atmosphere;
- (m) 'sink' is any process, activity or mechanism that removes a greenhouse gas, an aerosol, or a precursor to a greenhouse gas from the atmosphere;
- (n) 'carbon pool' is the whole or part of a biogeochemical feature or system within the territory of a Member State within which carbon, any precursor to a greenhouse gas containing carbon or any greenhouse gas containing carbon is stored;

- (o) ‘precursor to a greenhouse gas’ is a chemical compound that participates in the chemical reactions that produce any of the greenhouse gases listed in Article 3(2);
- (p) ‘harvested wood product’ is any product of wood harvesting, including wood material and bark, that has left a site where wood is harvested;
- (q) ‘forest’ is an area of land of at least 0.5 hectare, with tree crown cover or an equivalent stocking level of at least 10 per cent of the area, covered with trees with the potential to reach a minimum height of at least 5 metres at maturity at their place of growth, including groups of growing young natural trees, or a plantation that has yet to reach a tree crown cover or equivalent stocking level of at least 10 per cent of the area or tree height of at least 5 metres, including any area that normally forms part of the forest area but on which there are temporarily no trees as a result of human intervention, such as harvesting, or as a result of natural causes, but which area can be expected to revert to forest;
- (r) ‘crown cover’ is the share of a fixed area that is covered by tree crowns, expressed as a percentage;
- (s) ‘stocking level’ is the density of standing and growing trees on land covered by forest measured in accordance with a methodology established by the Member State;
- (t) ‘natural disturbance’ is any non-anthropogenic event or circumstance that causes significant emissions in forests or agricultural soils and the occurrence of which is beyond the control of the relevant Member State provided the Member State is also objectively unable to significantly limit the effect of the event or circumstance, even after its occurrence, on emissions;
- (u) ‘half-life value’ is the number of years it takes for the carbon content of a wood product to decrease to one half of its initial quantity;
- (v) ‘the instantaneous oxidation method’ is an accounting method that assumes that the release into the atmosphere of the entire quantity of carbon stored in harvested wood products occurs at the time when a Member State includes those products into its accounts pursuant to this Decision;
- (w) ‘salvage logging’ is any activity consisting of recovering timber affected by a natural disturbance and that can still be used at least in part.

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 12 to amend the definitions in paragraph 1 of this Article for the purpose of updating those definitions in the light of changes to definitions adopted by the bodies of the UNFCCC or the Kyoto Protocol, or other multilateral agreement relevant to climate change concluded by the Union.

Article 3

Obligation to draw up and maintain LULUCF accounts

1. For each accounting period specified in Annex I, Member States shall draw up and maintain accounts that accurately reflect all emissions and removals resulting from the activities on their territory falling within the following categories of activity:
 - (a) afforestation;
 - (b) reforestation;
 - (c) deforestation;
 - (d) forest management;
 - (e) cropland management;
 - (f) grazing land management.

Member States may also draw up and maintain accounts that accurately reflect emissions and removals resulting from revegetation, and wetland drainage and rewetting.

2. The accounts referred to in paragraph 1 shall cover emissions and removals of the following greenhouse gases:
 - (a) carbon dioxide (CO₂);
 - (b) methane (CH₄);
 - (c) nitrous oxide (N₂O).
3. Member States shall include in their accounts a particular activity referred to in paragraph 1 as of the onset of the activity or from 1 January 2013, whichever is the later.

Article 4

General accounting rules

1. Member States shall, in their accounts referred to in Article 3(1), denote sources by the positive (+) sign and sinks by the negative (-) sign.
2. Emissions and removals resulting from any activity falling within one or more categories of activity referred to in Article 3(1) shall only be accounted for under one category.
3. Member States shall, on the basis of transparent and verifiable data, determine the areas of land on which an activity falling within a category referred to in Article 3(1) is conducted. They shall ensure that all such areas of land are identifiable with precision in the account for the respective category.
4. Member States shall include in their accounts referred to in Article 3(1) any change in the carbon stock of the following carbon pools:

- (a) above-ground biomass;
- (b) below-ground biomass;
- (c) litter;
- (d) dead wood;
- (e) soil organic carbon;
- (f) harvested wood products.

However, Member States may choose not to include in their accounts changes in carbon stock for carbon pools listed under points (a) — (e) of the first subparagraph where the carbon pool is not a declining sink or a source. Member States shall only consider that a carbon pool is not a declining sink or a source where this is demonstrated on the basis of transparent and verifiable data.

- 5. Member States shall complete their accounts referred to in Article 3(1) at the end of each accounting period listed in Annex I by specifying the total emissions and total removals included in those accounts during that accounting period.
- 6. Member States shall maintain a complete and accurate record of all methodologies and data used in complying with their obligations under this Decision.
- 7. The Commission shall be empowered to adopt delegated acts in accordance with Article 12 to amend Annex I to add accounting periods and to ensure consistency between those accounting periods and the relevant periods applicable to Union emission reduction commitments in other sectors.

Article 5

Accounting rules for afforestation, reforestation and deforestation

- 1. In accounts relating to reforestation, Member States shall reflect emissions and removals resulting only from such activities taking place on those lands that were not forest on 1 January 1990.
- 2. Where Member States reflect in their accounts net changes in carbon dioxide (CO₂) emissions and removals resulting from afforestation, reforestation and deforestation activities, such net changes shall represent the total removals and emissions for the years in each accounting period specified in Annex I, calculated by summing up for each year of that accounting period the carbon stock on 31 December of that year minus the carbon stock on 1 January in the same year, on the basis of transparent and verifiable data.
- 3. Where Member States reflect in their accounts methane (CH₄) and nitrous oxide (N₂O) emissions resulting from afforestation, reforestation and deforestation activities, such emissions shall represent the total emissions for the years in each accounting period specified in Annex I, calculated by summing up the emissions

occurring in each year in that accounting period, on the basis of transparent and verifiable data.

4. Member States shall continue to draw up and maintain accounts that reflect emissions and removals resulting from land that was identified in accounts pursuant to Article 4(3) under afforestation, reforestation and deforestation even where such activity is no longer conducted on that land.
5. Member States shall use the same spatial assessment unit in calculations to determine the forest falling within afforestation, reforestation and deforestation.

Article 6

Accounting rules for forest management

1. In accounts relating to forest management, Member States shall reflect the emissions and removals resulting from such activities, calculated as emissions and removals in each accounting period specified in Annex I, minus the value obtained by multiplying the number of years in that accounting period by their reference level specified in Annex II.
2. Where the result of the calculation referred to in paragraph 1 for an accounting period is negative, Member States shall enter into their forest management accounts total emissions and removals of no more than the equivalent of 3.5 per cent of a Member State's emissions in its base year, as submitted to the UNFCCC in that Member State's reviewed initial report on base year emission data pursuant to the Annex of Decision 13/CMP.1, excluding emissions and removals from activities referred to in Article 3(1), multiplied by the number of years in that accounting period.
3. Member States shall ensure that the calculation methods they apply in respect of their accounts for forest management activities are consistent with the calculation methods applied for the calculation of their reference levels specified in Annex II with regards to the following aspects:
 - (a) carbon pools and greenhouse gases;
 - (b) area under forest management;
 - (c) harvested wood products;
 - (d) natural disturbances.
4. No later than one year before the end of each accounting period, Member States shall communicate to the Commission proposed revised reference levels for the following accounting period in accordance with the methodology in Decision -/CMP.7 used for calculating the reference levels set out in that decision.
5. If there are changes to the relevant provisions of Decision -/CMP.7, the Member States shall communicate to the Commission proposed revised reference levels reflecting those changes no later than six months after the adoption of those changes.

6. If improved methodologies become available allowing a Member State to calculate reference levels in a significantly more accurate manner or where there are significant improvements in the quality of data available to a Member State, the Member State concerned shall communicate to the Commission proposed revised reference levels reflecting those changes without delay.
7. For the purposes of paragraphs 4, 5 and 6, Member States shall specify the amount of annual emissions resulting from natural disturbances which have been included in their proposed revised reference levels and the manner in which they estimated that amount.
8. The Commission shall verify the accuracy of proposed revised reference levels.
9. The Commission shall be empowered to adopt delegated acts in accordance with Article 12 to update the reference levels in Annex II as necessary.
10. Member States shall reflect in their accounts for forest management the impact of any amendment to Annex II in respect of entire relevant accounting period.

Article 7

Accounting rules for harvested wood products

1. Member States shall reflect in their accounts pursuant to Article 3(1) emissions from harvested wood products containing carbon on 1 January 2013 even where such harvested wood products were harvested prior to this date.
2. In accounts pursuant to Article 3(1) relating to harvested wood products, Member States shall reflect emissions resulting from the following harvested wood products on the basis of calculations in accordance with the first order decay function and the default half-life values specified in Annex III:
 - (a) paper;
 - (b) wood panels;
 - (c) sawn wood.

Member States may use country-specific half-life values instead of the half-life values specified in Annex III provided that those values are determined by the Member State on the basis of transparent and verifiable data.

In accounts relating to exported harvested wood products, Member States may use country-specific half-life values instead of the half-life values specified in Annex III, provided that those values are determined by the Member State on the basis of transparent and verifiable data on the use of those harvested wood products in the importing country.

3. Where Member States reflect in their accounts pursuant to Article 3(1) carbon dioxide (CO₂) emissions from harvested wood products in solid waste disposal sites, they shall do so on the basis of the instantaneous oxidation method.

4. Where Member States reflect in their accounts emissions resulting from harvested wood products that were harvested for energy purposes, they shall do so also on the basis of the instantaneous oxidation method.
5. A Member State shall reflect emissions from harvested wood products in its accounts only where these emissions result from harvested wood products removed from lands included in the accounts of that Member State pursuant to Article 3(1).
6. The Commission shall be empowered to adopt delegated acts in accordance with Article 12 to revise the information specified in Annex III in accordance with scientific progress.

Article 8

Accounting rules for cropland management, grazing land management, revegetation, and wetland drainage and rewetting

1. In accounts relating to cropland management and grazing land management, Member States shall reflect emissions and removals resulting from such activities, calculated as emissions and removals in each accounting period specified in Annex I, minus the value obtained by multiplying the number of years in that accounting period by a Member State's emissions and removals resulting from such activities in its base year, as submitted to the UNFCCC in that Member State's reviewed initial report on base year emission data pursuant to the Annex of Decision 13/CMP.1.
2. Where a Member State elects to draw up and maintain accounts for revegetation, and/or wetland drainage and rewetting, it shall apply the calculation method specified in paragraph 1.

In accounts relating to wetland drainage and rewetting, Member States shall reflect emissions and removals resulting from that activity on all lands that have been drained since 1990 and all lands that have been rewetted since 1990.

Article 9

Accounting rules for natural disturbances

1. Where the conditions set out in paragraph 2 are met, Member States may exclude non-anthropogenic greenhouse gas emissions by sources resulting from natural disturbances from calculations relevant to their accounting obligations pursuant to points (a), (b), (d), (e) and (f) of Article 3(1). If Member States exclude such emissions they shall also exclude any subsequent removals on lands where those natural disturbances have occurred. However, non-anthropogenic greenhouse gas emissions by sources resulting from natural disturbances which have been included in the calculation of their reference level pursuant to Article 6(4), Article 6(5) or Article 6(6) shall not be excluded.
2. Member States may exclude non-anthropogenic greenhouse gas emissions by sources in accordance with paragraph 1 from calculations relevant to their accounting obligations pursuant to points (a), (b) and (d) of Article 3(1) where those non-

anthropogenic greenhouse gas emissions from such natural disturbances in a single year exceed 5 per cent of the total emissions of a Member State in its base year as submitted to the UNFCCC in that Member State's reviewed initial report on base year emission data pursuant to the Annex of Decision 13/CMP.1 excluding emissions and removals from activities referred to in Article 3(1), provided that the following conditions are met:

- (a) the Member State identifies all land areas excluded from the purpose of the Member States' accounts pursuant to points (a), (b) and (d) of Article 3(1), including by their geographical location, year and types of natural disturbances;
 - (b) the Member State estimates the annual non-anthropogenic greenhouse gas emissions by sources resulting from natural disturbances and the subsequent removals in the excluded land areas;
 - (c) no land-use change has occurred on the excluded land areas and the Member State uses transparent and verifiable methods and criteria to identify land-use change on these land areas;
 - (d) the Member State, where practicable, undertakes measures to manage or control the impact of the natural disturbances;
 - (e) the Member State, where possible, undertakes measures to rehabilitate the excluded land areas;
 - (f) emissions resulting from harvested wood products recovered by salvage logging, were not excluded from accounting.
3. Member States may also separately exclude non-anthropogenic greenhouse gas emissions by sources in accordance with paragraph 1 from calculations relevant to their accounting obligations pursuant to points (e) and (f) of Article 3(1) where those non-anthropogenic greenhouse gas emissions from such natural disturbances in a single year exceed 5 per cent of the total emissions of a Member State in its base year as submitted to the UNFCCC in that Member State's reviewed initial report on base year emission data pursuant to the Annex of Decision 13/CMP.1 excluding emissions and removals from activities referred to in Article 3(1), provided that conditions stipulated in Article 9(2) are met.
 4. Member States shall include in their accounts referred to in Article 3(1) emissions resulting from harvested wood products recovered by salvage logging in accordance with Article 7.
 5. The Commission shall be empowered to adopt delegated acts in accordance with Article 12 to revise the conditions referred to in the first subparagraph of paragraph 2 in the light of scientific progress or to reflect revisions to acts adopted by UNFCCC or Kyoto Protocol bodies.

Article 10

LULUCF Action Plans

1. No later than six months after the beginning of each accounting period specified in Annex I, Member States shall draw up and transmit to the Commission draft LULUCF Action Plans to limit or reduce emissions and maintain or increase removals resulting from the activities referred to in Article 3(1). Member States shall ensure that a broad range of stakeholders are consulted.

The draft LULUCF Action Plans shall cover the duration of the relevant accounting period specified in Annex I.

2. Member States shall include in their draft LULUCF Action Plans the following information relating to each of the activities referred to in Article 3(1):
 - (a) a description of past trends of emissions and removals;
 - (b) projections for emissions and removals for the respective accounting period;
 - (c) an analysis of the potential to limit or reduce emissions and to maintain or increase removals;
 - (d) a list of measures, including, as appropriate, those specified in Annex IV, to be adopted in order to pursue the mitigation potential, where identified in accordance with the analysis referred to in point (c);
 - (e) policies foreseen to implement the measures referred to in point (d), including a description of the expected effect of those measures on emissions and removals;
 - (f) timetables for the adoption and implementation of the measures referred to in point (d).
3. The Commission shall evaluate a Member State's draft LULUCF Action Plan within three months of receiving all relevant information from that Member State. The Commission shall publish the results of that evaluation and may issue recommendations, as appropriate, with a view to enhance Member States' efforts to limit or reduce emissions and maintain or increase removals.

Member States shall take due account of the Commission's findings and shall publish in electronic form and make available to the public their LULUCF Action Plans within three months of receiving the Commission's evaluation.

4. Member States shall submit to the Commission, by the date falling in the mid-point of each accounting period specified in Annex I, and by the end of each accounting period specified in Annex I, a report describing the progress in the implementation of their LULUCF Action Plans.
5. The Commission shall evaluate the implementation by Member States of their LULUCF Action Plans within six months of receiving the reports referred to in paragraph 4.

The Commission shall publish those reports and the results of that evaluation and may issue recommendations, as appropriate, with a view to enhance Member States' efforts to limit or reduce emissions and maintain or increase removals. Member States shall take due account of the Commission's findings.

Article 11

Review

The Commission shall review the accounting rules in this Decision at the latest within a year of the end of the first accounting period specified in Annex I.

Article 12

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The delegation of power referred to in Articles 2(2), 4(7), 6(9), 7(6) and 9(4) shall be conferred on the Commission for an indeterminate period of time from the date of entry into force of this Decision.
3. The delegation of power referred to in Articles 2(2), 4(7), 6(9), 7(6) and 9(4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Articles 2(2), 4(7), 6(9), 7(6) and 9(4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of 2 months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or the Council.

Article 13

This Decision shall enter into force on 1 January 2013.

Article 14

This Decision is addressed to the Member States.

Done at Brussels, 12.3.2012

For the European Parliament
The President

For the Council
The President

ANNEX I

ACCOUNTING PERIODS REFERRED TO IN ARTICLE 3(1)

Accounting period	Years
First accounting period	From 1 January 2013 to 31 December 2020

ANNEX II

MEMBER STATE REFERENCE LEVELS REFERRED TO IN ARTICLE 6

Member State	Gg carbon dioxide (CO₂) equivalents per year
Austria	-6516
Belgium	-2499
Bulgaria	-7950
Cyprus	-157
Czech Republic	-4686
Denmark	409
Estonia	-2741
Finland	-20466
France	-67410
Germany	-22418
Greece	-1830
Hungary	-1000
Ireland	-142
Italy	-22166
Latvia	-16302
Lithuania	-4552
Luxembourg	-418
Malta	-49
The Netherlands	-1425
Poland	-27133
Portugal	-6830
Romania	-15793
Slovakia	-1084
Slovenia	-3171
Spain	-23100
Sweden	-41336
United Kingdom	-8268

ANNEX III

FIRST ORDER DECAY FUNCTION AND DEFAULT HALF-LIFE VALUES REFERRED TO IN ARTICLE 7

First order decay function starting with $i = 1900$ and continuing to present year:

$$(A) \quad C(i+1) = e^{-k} \cdot C(i) + \left[\left(\frac{1 - e^{-k}}{k} \right) \right] \cdot Inflow(i) \quad \text{with} \quad C(1900) = 0.0$$

$$(B) \quad \Delta C(i) = C(i+1) - C(i),$$

where:

i = year

$C(i)$ = the carbon stock of the harvested wood products pool in the beginning of year i , Gg C

k = decay constant of first-order decay given in units of year⁻¹ ($k = \ln(2)/HL$, where HL is half-life of the harvested wood products pool in years.)

$Inflow(i)$ = the inflow to the harvested wood products pool during year i , Gg C year⁻¹

$\Delta C(i)$ = carbon stock change of the harvested wood products pool during year i , Gg C year⁻¹,

Default half-life values (HL):

2 years for paper

25 years for wood panels

35 years for sawn wood.

ANNEX IV

MEASURES THAT MAY BE INCLUDED IN LULUCF ACTION PLANS PURSUANT TO ARTICLE 10(2)(d)

- (a) Measures related to cropland management such as:
- improving agronomic practices by selecting better crop varieties;
 - extending crop rotations and avoiding or reducing the use of bare fallow;
 - improving nutrient management, tillage/residue management and water management;
 - stimulating agro-forestry practices and potential for land cover (use) change;
- (b) Measures related to grazing land management and pasture improvement such as:
- preventing the conversion of grassland to cropland and the reversion of cropland to native vegetation;

- improving grazing land management by including changes to the intensity and timing of grazing;
 - increasing productivity;
 - improving nutrient management;
 - improving fire management;
 - introducing more appropriate species and in particular deep rooted species;
- (c) Measures to improve the management of agricultural organic soils, in particular, peat lands, such as:
- incentivising sustainable paludicultural practices;
 - incentivising adapted agricultural practices, such as minimising soil disturbance or extensive practices;
- (d) Measures to prevent drainage and to incentivise rewetting of wetlands;
- (e) Measures related to existing or partly drained mires, such as:
- preventing further drainage;
 - incentivising rewetting and restoration of mires;
 - preventing bog fires;
- (f) Restoration of degraded lands;
- (g) Measures related to forestry activities such as:
- preventing deforestation;
 - afforestation and reforestation;
 - conservation of carbon in existing forests;
 - enhancing production in existing forests;
 - increasing the harvested wood products pool;
 - enhancing forest management, including through optimised species composition, tending and thinning, and soil conservation;
- (h) Strengthening protection against natural disturbances such as fire, pests, and storms.

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on operational appropriations*
 - 3.2.3. *Estimated impact on appropriations of an administrative nature*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party participation in financing*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Decision of the European Parliament and of the Council on accounting rules and action plans on greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry

1.2. Policy area(s) concerned in the ABM/ABB structure²³

ENVIRONMENT AND CLIMATE ACTION [07]

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to a **new action**
 The proposal/initiative relates to a **new action following a pilot project/preparatory action**²⁴
 The proposal/initiative relates to **the extension of an existing action**
 The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The proposal is consistent with the Europe 2020 Strategy and it is envisaged to contribute towards the realisation of the Union's emission reduction targets.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No.
Implementation of EU policy and legislation on climate action (ABB code 07 12)
ABM/ABB activity(ies) concerned
07 12 01 (Implementation of Union policy and legislation on climate action)

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The proposal establishes a robust and harmonised legal framework to account for greenhouse gas (GHG) emissions and removals from activities related to land use, land use change and forestry (LULUCF) in the Union, by enabling a detailed assessment of progress in Member States (MS). More specifically, it would:

- improve the visibility of, and provide incentives for, mitigation efforts through the enhancement of removals and reduction of emissions in agriculture and forestry and through the production of harvested wood products in industry;
- strengthen the environmental integrity of the commitments by ensuring that emissions and removals are correctly reflected and secure sustainable and climate-friendly bio-energy production by complementing existing policy measures; and
- improve the economic efficiency in the pursuit of more ambitious targets by allowing all sectors to contribute.

²³ ABM: Activity-Based Management — ABB: Activity-Based Budgeting.
²⁴ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

Indicators of results and impact

Specify the indicators for monitoring implementation of the proposal/initiative.

The following indicators correspond to the general, specific and operational objectives of the proposal:

- trends in emissions and removals;
- number of MS' non-compliance cases, MS' LULUCF Action Plans (LAPs) and reports submitted on time to the Commission, MS submitting on time their reference levels to the Commission;
- the compliance of the MS' reports with the requirements of the proposal;
- completeness of MS' reports submitted to the Commission and of degree of application by MS of common accounting rules;
- availability of data and information in the areas targeted by the proposal..

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

The objectives of this proposal are twofold:

- to ensure robust and harmonised accounting of emissions and removals from the LULUCF sector in the MS;
- to incentivise mitigation efforts by MS through the establishment and implementation of LAPs;

1.5.2. Added value of EU involvement

Taking action at Union level would produce clear benefits compared with action at MS level alone by reason of its effectiveness. As the overarching climate change commitments are made at the Union level, it is effective to also develop the required accounting rules at this level. Moreover, overcoming the problems identified, such as the need to have accurate and consistent accounting rules for different LULUCF activities, requires a common approach across all MS which can be ensured only at the Union level.

This legal framework will ensure effective added value by employing common and accurate accounting across all MS, establishing LAPs, and thus by enabling a more detailed assessment and appreciation of progress in MS. This will ensure the coherence of the Union's climate policy, improve further the environmental integrity of the Union's climate change commitments and enhance the economic efficiency of the Union's climate policy.

1.5.3. Lessons learned from similar experiences in the past

The proposal is based on experience achieved at international level and is meant to address the shortcomings of the existing accounting rules under the Kyoto Protocol (KP). Detailed assessment has been carried out in order to propose a robust and harmonised accounting framework for LULUCF.

1.5.4. Coherence and possible synergy with other relevant instruments

The proposal is consistent with the Europe 2020 Strategy and the Europe 2020 flagship initiative for a resource-efficient Europe. It is also complementary with the existing Union climate, energy and social policies.

It also complements the post- 2013 Common Agricultural Policy (CAP) with regard to implementing the 'greening components' and in the context of Union's Rural Development Policy, incentives for carbon sequestration in agriculture and forestry could be significantly

improved. Proper accounting of associated positive carbon fluxes would make the positive contribution of these policy measures implemented through the CAP more visible. Accounting for LULUCF would therefore support the sustainable use of bio-energy and would also provide a robust, clear and visible indicator of progress in agriculture and forestry. Without comprehensive mandatory accounting for LULUCF activities, the efforts invested by MS, farmers and foresters to provide climate change mitigation services will not be reflected in the Union's efforts to reach its GHG reduction targets.

1.6. Duration and financial impact

- Proposal/initiative of **limited duration**
- Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
 - Financial impact from YYYY to YYYY

Proposal/initiative of **unlimited duration**

Implementation is envisaged to start in 1 January 2013, depending on progress with the legislative process.

1.7. Management mode(s) envisaged²⁵

- Centralised direct management** by the Commission
- Centralised indirect management** with the delegation of implementation tasks to:
- executive agencies
 - bodies set up by the Communities²⁶
 - national public-sector bodies/bodies with public-service mission
 - persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation
- Shared management** with the Member States
- Decentralised management** with third countries
- Joint management** with international organisations (*to be specified*)

If more than one management mode is indicated, please provide details in the 'Comments' section.

Comments

The MS will be responsible for implementing the bulk of this proposal. The Commission will assess the information included in the reports submitted by MS and issue recommendations, where appropriate.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

MS will include information in their LULUCF accounts on an annual basis and will account for emissions and removals from LULUCF pursuant to this proposal at the end of each accounting period.

The reports prepared under this proposal will be assessed by the Commission for each accounting period, based on technical expertise assistance.

A study would be needed to assess the implementation of this Decision in the context of the review clause.

²⁵ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html.

²⁶ As referred to in Article 185 of the Financial Regulation.

2.2. Management and control system

2.2.1. Risk(s) identified

As the proposal is a Decision, the implementation risks are limited because the proposed obligations are based on already established international rules applied by the MS in the framework of their commitments under the KP.

2.2.2. Control method(s) envisaged

The measures to address eventual risks will consist of: constructive dialogue and cooperation with the MS, maintaining contact with the relevant Commission services, especially in view of ensuring satisfaction of the corresponding data needs, consulting experts, especially when adopting the delegated acts, accessing external technical expertise for the corresponding evaluations, conducting studies when reviewing the legal act, and organising thematic conferences, where appropriate.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

Given the amounts involved and the type of procurement, this initiative does not present particular risks of fraud. The Commission will manage and control the work by using all relevant regular tools, such as the Annual Management Plan of DG CLIMA. Internal control standards No 2, 7, 8, 9, 11, 12, 13, 15 and 16 are of particular relevance. In addition, the principles laid down in Council Regulation (EC, Euratom) No 1605/2002 (the 'Financial Regulation') and its implementing rules, will be fully applied. The procurement procedures will be governed by the common DG CLIMA financial circuit: a partially decentralised circuit which main characteristic is the hierarchical independence from the AO(s)D of the persons performing financial initiation and verification. Moreover, an internal control committee (ENVAC) examines the procedure leading to the choice of the contractor and verifies the consistency of the procedures adopted by the Authorising Officers with the rules and provision of the Financial Regulation and the Implementing Rules for a combination of a random sample and a risk-based sample of public procurement contracts. On top of these measures, for the adoption of delegated acts it will be ensured that the persons taking part to the expert consultations are independent and appropriately qualified.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of the Multiannual Financial Framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description]	Diff./non-diff (27)	from EFTA ²⁸ countries	from candidate countries ²⁹	from third countries	within the meaning of Article 18(1)(aa) of the Financial

²⁷ Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations.

²⁸ EFTA: European Free Trade Association. .

						Regulation
5	07 01 02 11 Other management expenditures in support of the 'Environment and climate action' policy area	non-diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
[...]	[XX.YY.YY.YY] [...]	[...]	YES/NO	YES/NO	YES/NO	YES/NO

²⁹

Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	Number	Heading 2
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DG: CLIMA			Year N ³⁰	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6	TOTAL
• Operational appropriations										
Number of budget line	Commitments	(1)	-	-	-	-	-	-	-	-
	Payments	(2)	-	-	-	-	-	-	-	-
Number of budget line	Commitments	(1a)	-	-	-	-	-	-	-	-
	Payments	(2a)	-	-	-	-	-	-	-	-
Appropriations of an administrative nature financed from the envelope for specific programmes ³¹										
Number of budget line 07 01 04 05 (and successive lines)		(3)	0.100	-	-	0.600	-	-	0.600	1.300
TOTAL appropriations for DG CLIMA	Commitments	=1+1a +3	0.100	-	-	0.600	-	-	0.600	1.300
	Payments	=2+2a +3	0.100	-	-	0.600	-	-	0.600	1.300

³⁰ Year N is the year in which implementation of the proposal/initiative starts.

³¹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.100	-	-	0.600	-	-	0.600	1.300
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (reference amount)	Commitments	=4+ 6	0.100	-	-	0.600	-	-	0.600	1.300
	Payments	=5+ 6	0.100	-	-	0.600	-	-	0.600	1.300

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.100			0.600			0.600	1.300
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6	0.100			0.600			0.600	1.300
	Payments	=5+ 6	0.100			0.600			0.600	1.300

Heading of multiannual financial framework:	5	' Administrative expenditure '
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EUR million (to 3 decimal places)

Year N	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6	TOTAL
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DG: CLIMA

• Human resources		0.127	0.127	0.127	0.127	0.127	0.127	0.127	0.889
• Other administrative expenditure		0.348	0.348	0.348	0.348	0.348	0.348	0.348	2.433
TOTAL DG CLIMA	Appropriations	0.475	0.457	0.475	0.475	0.475	0.475	0.475	3.322

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	0.475	0.475	0.475	0.475	0.475	0.475	0.475	3.322
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EUR million (to 3 decimal places)

		Year N ³²	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6	TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	0.575	0.475	0.475	1.075	0.475	0.475	1.075	4.622
	Payments	0.575	0.475	0.475	1.075	0.475	0.475	1.075	4.622

³² Year N is the year in which implementation of the proposal/initiative starts. The proposal is envisaged to enter into force in 2013, depending on progress with the legislative process.

3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to 3 decimal places)

Indicate objectives and outputs ↓			Year N	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6	TOTAL								
	OUTPUTS																	
	Type of output ³³	Average cost of the output	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Total number of outputs	Total cost
SPECIFIC OBJECTIVE: Implementation of EU policy and legislation on climate action (ABB code 07 12)																		
- Output	Evaluation	0.004	27	0.100				27	0.100					27	0.100	81	0.300	
- Output	Study	0.500												1	0.500	1	0.500	
- Output	Review	0.500						1	0.500							1	0.500	
Sub-total for specific objective No 1			27	0.100	0	-	0	-	28	0.600	0	-	0	-	28	0.600	83	1.300
TOTAL COST			0	0.100	0	-	0	-	0	0.600	0	-	0	-	0	0.600	0	1.300

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

The proposal/initiative does not require the use of administrative appropriations

The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year N ³⁴	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6	TOTAL
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HEADING 5 of the multiannual financial framework	Year N	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6	
Human resources (1 AD FTE already working in DG CLIMA)	0.127	0.127	0.127	0.127	0.127	0.127	0.127	0.889
Other administrative expenditure								
- 07 01 02 11 01 Missions (5 per year ; 00015 M EUR /mission)	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.053
- 07 01 02 11 02 Conferences (2 per year; 150 participants; ; 0035 M EUR /conference)	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.490
- 07 01 02 11 02 Meetings (2 per year ; 168 experts max (28 *6); 1 day ; 0135 M EUR /meeting)	0.270	0.270	0.270	0.270	0.270	0.270	0.270	1.890
<i>SUBTOTAL</i>	<i>0.348</i>	<i>0.348</i>	<i>0.348</i>	<i>0.348</i>	<i>0.348</i>	<i>0.348</i>	<i>0.348</i>	2.433
Subtotal HEADING 5 of the multiannual financial framework	0.475	0.475	0.475	0.475	0.475	0.475	0.475	3.322

³⁴

Year N is the year in which implementation of the proposal/initiative starts. The proposal is envisaged to enter into force in 2013, depending on progress with the legislative process.

Outside HEADING 5³⁵ of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								

TOTAL	0.475	0.475	0.475	0.475	0.475	0.475	0.475	3.322
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3.2.4. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full amounts (or at most to one decimal place)

	Year N	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6
• Establishment plan posts (officials and temporary agents)							
07 01 01 01 (Headquarters and Commission's Representation Offices)	0.127	0.127	0.127	0.127	0.127	0.127	0.127
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)³⁶							
XX 01 02 01 (CA, INT, SNE from the 'global envelope')							
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy³⁷	- at Headquarte rs³⁸						

³⁵ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

³⁶ CA= Contract Agent; INT= agency staff ('Intérimaire'); JED= 'Jeune Expert en Délégation' (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert; .

³⁷ Under the ceiling for external personnel from operational appropriations (former 'BA' lines).

	- in delegations							
XX 01 05 02 (CA, INT, SNE — Indirect research)								
10 01 05 02 (CA, INT, SNE — Direct research)								
Other budget lines (specify)								
TOTAL		0.127	0.127	0.127	0.127	0.127	0.127	0.127

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary agents	Take appropriate action to implement the various requirements upon Commission (e.g. review Member States reports, carry out analysis, monitor the implementation, etc.)
External personnel	

3.2.5. *Compatibility with the current multiannual financial framework*

- Proposal/initiative is compatible with the current multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.
- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework³⁹.

3.2.6. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties
- The proposal/initiative provides for the co-financing estimated below:

3.3. **Estimated impact on revenue**

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

³⁸ Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

³⁹ See points 19 and 24 of the Interinstitutional Agreement.