



Communication from the Commission addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss

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The EU package to tackle illegal logging and deforestation

- **17 October 2008 - two important initiatives to protect forests globally :**
 - *a legislative proposal to reduce the risk of illegal timber and timber products entering the EU market*
 - *a Communication setting out the Commission's proposals for tackling tropical deforestation*
- **Objectives:**
 - *to halt global forest cover loss by 2030*
 - *to reduce gross tropical deforestation by at least 50% by 2020 compared to current levels*



The main points of the Commission's Communication on deforestation



Communication on Deforestation

- **Deforestation - a key issue in the international negotiations on a new UN climate change agreement for the post-2012 period**
 - *global forests shrink at a rate of about 13 mio ha/year*
 - *c. 20% of global greenhouse gas emissions*
- **Between € 15 and 25 billion p.a. needed to halve deforestation by 2020**
- **Funding key to the Commission's proposals:**
 - *development of a Global Forest Carbon Mechanism rewarding DC's action to reduce deforestation and forest degradation*
 - *Testing the inclusion of deforestation in global carbon markets*



Funding mitigation activities from 2013 to 2020

- **Global Forest Carbon Mechanism (GFCM):**
 - *Help and financial assistance from developed countries needed to complement financial and other efforts by developing countries*
 - *Total amount of funding depending on the level of mitigation actions undertaken*
 - *Part of funding coming from proceeds of allowances auctioned in the EU ETS*
 - *In the ETS review proposal at least 20% of auctioning proceeds should be used to support climate objectives, including fighting deforestation*
 - *5% of ETS revenue from auctioning would amount to €1.5 to 2.5 billion in 2020 for the GFCM*



How to make it work ?

- **Participation open to developing countries that:**
 - *ratify the future international agreement,*
 - *commit to reducing deforestation within that framework*
- **Focus on reducing deforestation and forest degradation**
- **Support for capacity-building**
- **Nationwide implementation involving entire forestry sector a prerequisite**
- **Taking account of co-benefits (protection of biodiversity, fight against poverty)**
- **Monitoring and accounting at the national level, with independent verification of achieved carbon reductions**
- **Performance based financial support**



Forestry credits in the carbon markets

- **Afforestation and reforestation credits are recognised for government compliance in 2008-12, continued post 2012**
- **A pilot phase to test the inclusion of deforestation credits for government compliance post 2012**
- **Pre-conditions:**
 - *International agreement with ambitious mid-term emission reduction commitments*
 - *Additional impact of reduced deforestation on carbon emissions properly monitored and verified*
 - *Adequate solution to the impermanence of forestry credits and liability issue – a new sectoral market mechanism to avoid leakage problems and ensuring benefit in net-deforestation*



Forestry credits in the ETS?

- **Recognition of forestry credits for compliance in the EU ETS possible only in the longer term (i.e. post 2020)**
- **Considered after a review of the pilot phase of using deforestation credits for government compliance**
- **If preceded by solutions to the current problems:**
 - *Liability issue (tCERs) resolved*
 - *MRV issues settled*
 - *supply/demand balance:*
 - ✓ *emissions from avoided deforestation 3 times higher than emissions regulated under the EU ETS*
 - ✓ *Global cap-and-trade system evolved from linked regional-national cap and trade schemes*



Comprehensive policy approach

- **Strengthening existing forestry relevant policies**
 - *EU policies promoting sustainable timber and timber products*
 - *Dialogue within existing international fora to reduce emissions from deforestation and biodiversity loss*
 - *Green public procurement policies*
 - *Promoting eco-labelling and forest certification schemes*
 - *Developing sustainability criteria for biomass used in renewable energy generation*
- **Integrated approach to other policies with direct and indirect impacts on deforestation:**
 - *trade, energy, agriculture, food security and development cooperation*



Thank you for your attention