



CAN Position

Limiting compliance risk from natural disturbances

In principle, CAN accepts the inclusion of a provision to limit Parties' compliance risk due to natural disturbance events in the context of mandatory forest management accounting. While the precise nomenclature of such a provision may currently be in flux, there are a number of characteristics of the original "force majeure" concept that must be included in any proposed natural disturbance mechanism. Force majeure events are those that are so exceptional that the parties to an agreement cannot have foreseen and are unable to prevent their occurrence. Accordingly, only truly extraordinary natural disturbances should be eligible for consideration under a natural disturbance mechanism—extraordinary being defined as statistically extremely rare. It is not acceptable to define eligible events as any occurrence resulting in deviation from a projected reference level.¹ Additionally, the following safeguards must be included in order to constrain eligible disturbance events to those truly outside the control of Parties.

- Emissions from land use change must not be exempted from accounting. Land use change is by definition an anthropogenic event, and so emissions and removals associated with afforestation, reforestation, and deforestation must be accounted for and must be ineligible for the application of a force majeure provision.
- Parties should demonstrate and report efforts to control the incidence and extent of natural disturbance events, where possible (e.g., bushfire prevention and control strategies).
- Parties should ensure natural recovery or rehabilitation of affected areas, but shall not take advantage of natural disturbance events in order to facilitate changes in land management practices that decrease carbon stocks or increase anthropogenic emissions (including, for example, conversion of forest resources from natural to plantation forest or other degrading interventions or land management practices). Land use change would make the affected area ineligible for the application of the force majeure provision.
- Emissions from salvage logging and other future harvesting must not be exempted from accounting.

¹ Such deviations from a projected reference level may be just as likely due to uncertainty in monitoring or reporting, or to interannual variability. A mechanism designed to address compliance risk due to extraordinary natural disturbances is not the appropriate tool with which to address either of these issues.

In addition to ensuring that only extraordinary natural disturbance events are eligible, the proposed mechanism must be based on the following principles in order to ensure that it is not susceptible to misuse, intentional or otherwise.

- **Transparency** – Parties wishing to make use of a natural disturbance mechanism must report emissions and removals from the relevant events in their annual greenhouse gas inventories and National Inventory Reports, including the areas subject to each event and the emissions factors used in calculations. Reporting on the areas subject to natural disturbance events must continue until accounting rules enacted for this provision are satisfied.
- **Robustness** – Tier 3, spatially-explicit data are essential for determining the emissions and removals eligible to be factored out of accounting. With regard to the eligibility of natural disturbance events for inclusion in the proposed mechanism, a definition of such events as “statistically extremely rare” is methodologically both transparent and sound.
- **Consistency with reference levels** – Regardless of the forest management accounting approach adopted, emissions and removals from eligible natural disturbance events must be treated in the same manner in the reference level and accounting period. If this cannot be accomplished, the Expert Review Teams undertaking assessment of Parties’ reporting and accounting must be empowered to make adjustments in line with the principle of conservativeness, addressed below.
- **Conservativeness** – Due to the potential for high uncertainty regarding emissions and removals from natural disturbance events, as well as in the definition of eligible events, accounting under the proposed mechanism must follow the conservativeness principle in order to minimize the risk of underestimating anthropogenic emissions. Expert Review Teams must be empowered to adjust accounting under a natural disturbances provision through use of default emissions factors, conservativeness factors, or both.

Additionally, Parties should be permitted to factor out of accounting only those emissions above the threshold indicated by the definition of a statistically rare natural disturbance event.

In summary, a mechanism to address compliance risk associated with natural disturbances must transparently and conservatively factor out emissions and removals from extraordinary natural disturbances only.