



**CLOSING THE LULUCF LOOPHOLE:
A high-level summary for decision-makers**

Annex I Parties are ignoring the real mitigation potential from LULUCF and instead exploiting the framework to exaggerate their emission reductions by avoiding debits and getting credits they do not deserve. The most effective way to fix LULUCF is for **all Parties to adopt two new guiding principles:**

- **Implementation of LULUCF results in an absolute reduction in net anthropogenic emissions relative to past performance;**
- **Implementation of LULUCF protects greenhouse gas reservoirs in natural ecosystems.**

Summary of the issue:

- Land use, land-use change and forestry (LULUCF) is a framework that governs the accounting by Annex I Parties of emissions and sequestration from land. Currently it is mandatory to account for afforestation, reforestation, and deforestation, while it is voluntary to account for forest management, grazing land management, cropland management, and revegetation.
- In the first commitment period, the voluntary nature of accounting is being exploited by Annex I Parties to obtain credits without accounting for debits. In the second commitment period, Annex I Parties are trying to change the rules to avoid accounting for increased emissions. Either way, **LULUCF is being used to falsely exaggerate emission reductions.**
- LULUCF could be a source of real mitigation action. **Forest management** is the biggest source of credits and the biggest source of potential mitigation.
- Annex I Parties have are now proposing an **emissions loophole that allows them to increase their forest management emissions and not even account for it. The result of their proposal will be that approximately 400 Mt CO₂e per year will disappear from the books, falsely exaggerating the actual emission reductions of these countries.**
- The emissions loophole works by allowing Parties to forecast an increase in emissions and use this higher level as a **'projected reference level'** or baseline against which to measure their emission reductions.
- **The loophole is also being used to hide emissions from bioenergy:** Several EU countries are proposing to not account for a projected increase in logging emissions to supply wood fibre for bioenergy production. **This will falsely exaggerate the benefits of bioenergy in the national accounts of these countries.**
- Draft LULUCF rules must be finalized in keeping with these principles.