The Paris Climate Conference and Forests: Ramifications of the Agreement

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The Paris Agreement was unanimously approved by delegates to COP21 and the role of forests in climate regulation is highlighted in several sections of the document. The Agreement is precedent setting in that it signals a global transition to a low carbon economy and establishes a working relationship among participating nations to move towards that goal. What are the implications for forests? What are the ramifications for forest owners and managers? Given the aspirational nature of the Agreement and the significant latitude provided to participating nations in how they meet their commitments, it is impossible to know in detail how things will play out. The following commentary outlines the impacts and opportunities for the forestry sector given what we know of the direction that has been established and the timing of the process.

Explicit References to Forests in the Agreement

Two sections of the Paris Agreement deal explicitly with forests. Section 55 in the finance section acknowledges the importance of "*adequate and predictable financial resources, including for results-based payments*" … "*for reducing emissions from deforestation and forest degradation*". This section also highlights "*the role of conservation, sustainable management of forests and enhancement of forest carbon stocks, as well as alternative policy approaches, such as joint mitigation and adaptation approaches*". Finally, this section identifies "*public and private, bilateral and multilateral sources such as the Green Climate Fund and alternative sources*" as methods of funding forest protection.

Article 5 of the Agreement opens with a statement that "*Parties should take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases*" … "*including forests*". The following section of Article 5 acknowledges two approaches to forest preservation. The first reference is to pay-for-performance approaches such as REDD that monetize the carbon stored in forests. The second reference is to joint mitigation and adaptation approaches that attempt to link carbon and non-carbon benefits of forests in identifying preservation goals.

Likely Ramifications:

- Increased global emphasis on protection and restoration of forests,
- Increased funding to support forest protection and restoration in developing nations.

Possible Ramifications:

- Establishment of new carbon credit markets and trading opportunities, possible increase in demand for forest products from geographic areas outside of the areas targeted for protection.

Sections of the Agreement That Will Also Impact the Role of Forests

Beyond the sections of the Agreement that explicitly reference forests, several sections of the document deal with issues that will influence the value and management of forests, such as land use tradeoffs, accounting and compliance with Intended Nationally Determined Contributions (INDCs), ratcheting of commitments over time, financial support of developing nations and opportunities for international credit trading.

Countervailing Land Use Goals

The Agreement frames forest protection in the context of the need to deal with a range of potentially conflicting efforts, including alleviation of poverty, food production, and adaptation to climate change. Article 2 sets the goal of "*Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production*". Article 4 sites the need to "*achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.*"

Likely Ramifications:

- Articles 2 and 4 of the Agreement highlight the need for efficient use of a finite land base to meet multiple objectives,
- Opportunities will exist for:
    - Innovative low-carbon approaches to integration of forest and agricultural systems,
    - Economic development projects that maximize carbon sequestration and storage,
    - Forest revitalization and afforestation in geographic areas that bolster climate change adaptation, and,
    - Biomass energy production that contributes to meeting INDCs.

Regular Evaluation of Progress on Intended Nationally Determined Contributions

The Agreement establishes a schedule for participating nations to report progress towards achievement of the goals identified in their INDCs. Article 4, paragraph 9 states that "*Each Party shall communicate a nationally determined contribution every five years*".

Likely Ramifications:

- Development of a more complete and detailed global inventory of forest change over time.

Possible Ramifications:

- Reduction in flow of illegal timber,
- Reduction in conversion of forests to other uses.

Ratcheting of Intended Nationally Determined Contributions Over Time

The INDCs that were submitted prior to the Paris Conference are not sufficient to achieve the goal of limiting warming to 2 degrees C. The Agreement establishes a process for updating commitments over time to achieve the needed reductions in greenhouse gas emissions and/or increases in sequestration and storage. Article 15, paragraph 3 of the Agreement states that "*The outcome of the global stocktake shall inform Parties in updating and enhancing, in a nationally determined manner, their actions and support in accordance with the relevant provisions of this Agreement*".

Likely Ramifications:

- An increase in value of the carbon sequestration and storage services provided by forests as emission targets become more stringent,
- Increased reliance on the services supplied by forests as an element of meeting INDCs.

International Offsets

Article 6 of the Agreement sets up a framework for cooperation among participating nations in meeting emission targets and allows for "*internationally transferred mitigation outcomes*".

Possible Ramifications:

- Another potential funding mechanism and/or carbon credit trading opportunity that could monetize forest services,
- International agreements that seek to implement least cost solutions to meeting INDC targets.

Price on Carbon

Section 137 of the Agreement "*recognizes the important role of providing incentives for emission reduction activities, including tools such as domestic policies and carbon pricing*".

Possible Ramifications:

- If carbon pricing becomes a reality it would dramatically increase the value of the carbon sequestration and storage services provided by forests and could be a game changer for carbon credit markets.

Implications of the Gap in the U.S. INDC

Several recent studies indicate that the measures outlined in the INDC submitted by the United States are insufficient to meet the identified 2025 target of a 26 – 28% reduction in greenhouse gas emissions below the 2005 level. Enhanced efforts to meet the 2025 goal could take many forms.

Possible Ramifications:

- Additional regulation of industrial sectors such as energy production, transportation, and manufacturing,
- Additional regulation of non-industrial sectors including forestry and agriculture.

Closing Thoughts

The Paris Agreement lays the groundwork for a major transformation in the global economy. Achieving the goal of balance between greenhouse gas emissions and sequestration and storage by the second half of this century will require both a technological revolution and a transition to land use and development patterns that efficiently meet multiple objectives. Are we up to the challenge? Stay tuned, it's going to be a wild ride!