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Oregon Forest Industries Council

Carbon markets

Treatment of forestry in a cap-and-trade market should encourage forest landowners to participate.

Overview

In response to climate change concerns, policy makers at state, regional and national levels are engaging in efforts to reduce the level of atmospheric CO_2**.** Most initiatives being considered – including the Western Climate Initiative (WCI) in the western U.S. and Canada, and the Lieberman/Warner bill at the national level – envision a carbon cap-and-trade market as the preferred approach to achieve desired greenhouse gas (GHG) reductions. Generally, a cap-and-trade market limits emissions in selected sectors, then reduces those limits over time. Entities in capped sectors must then reduce their emissions over time to stay below their caps, or purchase allowances or offsets.

The 4th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) states: "*In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit."* Any cap-and-trade market system should encourage these carbon benefits of managed forestry through the inclusion of forestry offsets.

Position

The treatment of forestry in a cap-and-trade market should provide a credible, simple and open process that encourages the participation of Oregon's private forest landowners, including key elements such as:

- **Positioning the forest sector as a voluntary offsets provider, not as a capped sector.** Forests are carbon sinks and should not be included under any market cap. Forestlands managed for sustainable wood production reduce atmospheric carbon over time, which should be eligible as offsets, and any participation by forest landowners should be voluntary. The use of legitimate offsets should not be limited.
- **Providing incentives to forest landowners to keep forestlands in forest uses.** Forest landowners should be rewarded for carbon sequestration in their forests to encourage them to continue to invest in their holdings. Forest landowners should not be expected to incur additional regulatory burdens or other required encumbrances, such as permanent easements or treating timber harvest as a net emission.
- **Allowing full credit for carbon sequestered and stored in forests and forest products, and from foregone carbon emissions from product or energy substitution.** This includes carbon stored in forests and carbon stored in forest products. Additionally, carbon not emitted as a result of using forest products in place of other more energy-intensive building materials and from substituting forest biomass energy (electricity & fuels) for fossil fuel energy are critical components.
- **Ensuring that credit for carbon sequestration, storage and offsetting carbon emissions accrues to forest landowners, forest products producers and forest bioenergy producers.** To be meaningful, carbon credits must initially accrue to those providing these services, not to those purchasing outputs, such as utilities.

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