Harvested Wood Products
how will we find our way?

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Harvested Wood Products
(in this case we know the options!)

- Option 0 current rules
  - HWP not accounted for
- Option 1 default + correction for imports/exports of HWP
- Option 2 stock-change approach
- Option 3 production approach / simple decay approach / emissions to atmosphere approach
- Option 4 atmospheric approach

Accounting simplification: harvest = emission

HWP
subdividing the problem

HWP stock potential
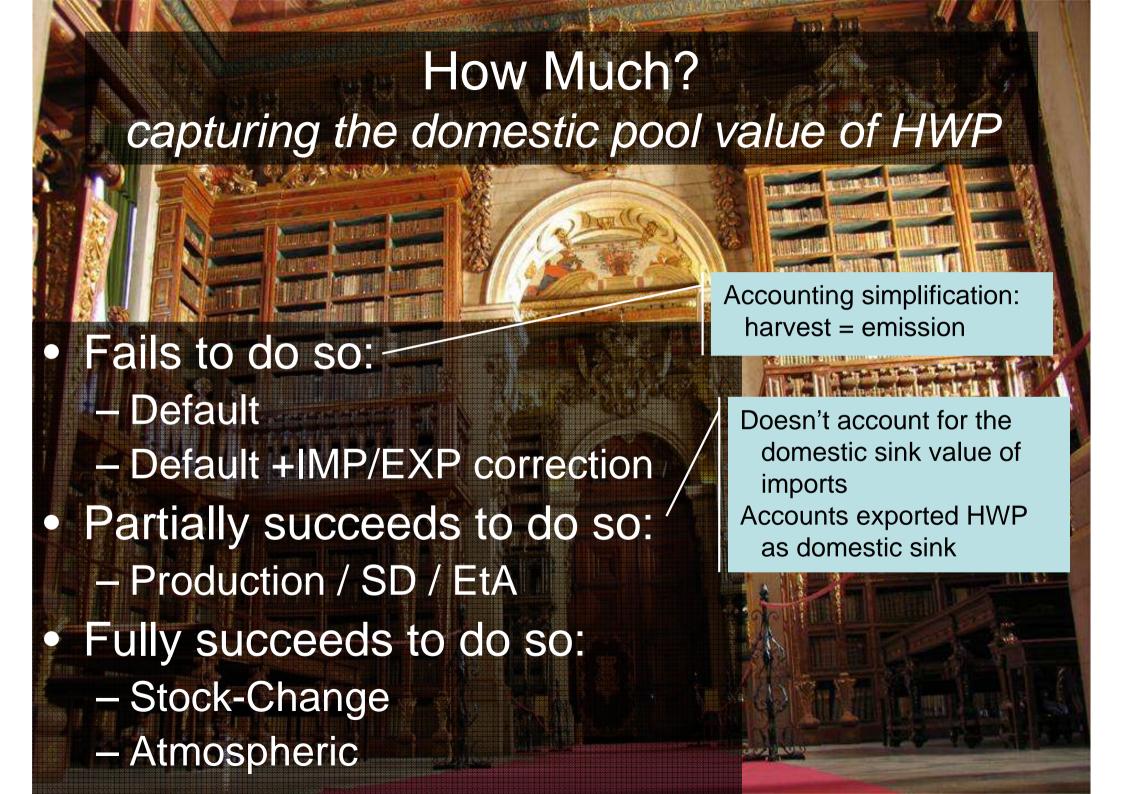(Δstock $\approx$ sink/emission):

- – How much is it worth?
- – How to measure?

HWP emissions:

- – Where do they take place?
- – When do they take place?
- – Who is liable?

Promote good HWP management:

- – Promoting reuse, recycling and energy recovery of HWP

How Much?
capturing the domestic pool value of HWP

- Fails to do so:
  - Default
  - Default +IMP/EXP correction
- Partially succeeds to do so:
  - Production / SD / EtA
- Fully succeeds to do so:
  - Stock-Change
  - Atmospheric

Accounting simplification: harvest = emission

Doesn't account for the domestic sink value of imports

Accounts exported HWP as domestic sink

Where?
capturing the location of decaying HWP emissions

- **Partially succeeds to do so:**
  – Default
  – Production / SD / EtA
  – Stock-Change
- **Fully succeeds to do so:**
  – Default +IMP/EXP correction
  – Atmospheric

Emissions accounted at the country of origin of the wood or biomass

Imported/Exported HWP misrepresented

Emissions reported at the country where decay of HWP happens

When?
capturing the timing of decaying HWP emissions

- Fails to do so:
  - Default
  - Default +IMP/EXP correction

- Fully succeeds to do so:
  - Production / SD /EtA
  - Stock-Change
  - Atmospheric

Accounting simplification: harvest = emission

Accounted when decay actually happens

Who is Liable?
reducing emissions / increasing sinks…
…or exporting carbon footprints?

- Accounting simplification
Harvesting=emission

- Allows leakage:
  - Default
  - Production / SD / EtA
  - Stock-Change

- Accounts leakage:
  - Default +IMP/EXP correction
  - Atmospheric

Hidden incentive for using imported wood and HWP
= **incentive for exporting carbon footprint**

Domestic forests left to grow more
+ **increased forest sink or reduced forest emissions**

Forest (and HWP) emissions accounted in the country producing the wood, not the one using it
– **no emissions for imported wood**

Promoting reuse, recycling and energy recovery of HWP

- Fails to do so:
  - Default
  - Default +IMP/EXP correction
- Partially succeeds to do so:
  - Production / SD / EtA
- Fully succeeds to do so:
  - Stock-Change
  - Atmospheric

Emission at harvest
No incentive for reuse or recycling
Strong incentive for incineration – substitution of fossil fuels

Incentive for domestic wood products
No incentive for imported wood products

Emission accounted when decay actually happens
Strong incentive for reuse and recycling – maintaining the product "alive" avoids emissions
Incentive for incineration – substitution of fossil fuels

- Minimize Change to Current Rules?
  - Default
- **Capture how much (domestic)?**
  - **Stock-Change, Atmospheric**
  - **Production / SD / EtA**
- **Capture When?**
  - **Production / SD / EtA, Stock-Change, Atmospheric**
- **Who is Liable? Avoid international leakage?**
  - **Emitting Country: Default +IMP/EXP, Atmospheric**
  - **Producer Country: Production / SD / EtA, Stock-Change**
- **Promote reuse, recycling and energy recovery?**
  - **Stock-Change, Atmospheric**
  - **Production / SD / EtA**

- How do we link the HWP issue with the rest of LULUCF rules?

- **Forest Management: voluntary or mandatory**
  - **If forest management is voluntary and not selected should a country be allowed to use HWP "credits"?**

- **Forest Management: full carbon accounting or caped maximum benefit?**
  - **If forest management is provides only limited benefits, should we also limit HWP contribute?**

- **Impact on targets: will countries with a good "HWP profile" be benefited or penalized?**

- **Impact on assigned amounts (1990 value): does the reference emission value have to change to accommodate the 1990 HWP emission level?**

- **Impact on Waste Sector Accounting: Emissions of methane from HWP are part of the waste sector. How do we avoid double counting?**