

Incentives to climate change mitigation across the agri-food value chain

Technical Workshop 1 on Policy options:

Summary of main takeaways from the workshop

Input from the workshop participant was sought on the benefits and drawbacks of three types of policy options for mitigating greenhouse gas (GHG) emissions from the agrifood value chain:

1. Boosting finance for carbon farming
2. Introducing mandatory climate standards
3. Setting up a trading system for emissions reductions and removals for the agrifood value chain (Agri-food ETS)

All three types of policy options (boosting finance, mandatory requirements and ETS) were supported by at least some of the participants. **Some participants also indicated that this study should assess all three policy option types and their link or complementarity with already existing policies and measures.** Some participants from the industry tended to favour the voluntary approaches listed under the first type of policy options, whereas other stakeholders (public authorities, NGOs, also others from industry) questioned whether voluntary measures would be sufficient to reach EU climate targets and suggested the adoption of both voluntary and mandatory measures. Participants generally agreed that supporting farmers during the transition is essential, so that there is no excessive burden placed on them in comparison to other actors of the food chain, while also taking into account the issue of food affordability. Moreover, there was a broad consensus on the need to see the results of this study – and especially the quantitative analysis of the environmental, social and economic impacts of the policy options – before choosing the most appropriate policy path.

The main takeaways per policy option are synthesised below:

- On **boosting finance for carbon farming:**
 - o Voluntary measures to boost finance were welcomed as an option that could drive changes at the farm level without placing an undue burden on (small) farms.
 - o Additional voluntary measures, including training and the voluntary labelling of food products, were proposed.
 - o Some participants expressed a preference for such measures, while others were sceptical of their effectiveness without additional mandatory requirements.
- On **introducing mandatory climate standards:**
 - o Some participants welcomed the focus on mandatory standards to the considerations of the study. These were seen as more capable of delivering long-term, tangible results than voluntary measures under the previous policy option. On the other hand, some participants also mentioned that they would need more time to position themselves on this new option.
 - o Another advantage of mandatory standards that participants saw is their contribution to reaching a more balanced level-playing field across EU agricultural producers.
 - o Some participants indicated that if climate standards are set, this should be from a holistic environmental perspective instead of solely on GHG emissions. Other environmental factors such as biodiversity, pollution and water should be taken into account as standards focussed exclusively on mitigation could negatively affect those environmental aspects.
- On **setting up a trading system for emissions reductions and removals for the agri-food value chain (Agri-food ETS)**
 - o Some participants generally perceived this option as having a high potential to decrease GHG emissions in the sector, but many questions remain regarding its optimal design, including how to avoid high costs for farmers and maintain the competitiveness of the EU agriculture sector.

- A general concern from some participants was that no matter where the point of obligation is placed in the ETS options, the costs may end up being born by the farmers due to market powers and lead to inflating food prices.
- Participants emphasised the importance of clearly distinguishing carbon removals from emissions reductions in the context of an Agri-food ETS, so that removals do not substitute for making necessary emission reductions.