

FoodDrinkEurope position on carbon farming

FoodDrinkEurope strongly supports the European Union (EU) commitment to reaching net-zero emissions by 2050, and as part of this target, to achieve a 55% reduction in emissions by 2030. The European food and drink industry, processing 70% of the EU agricultural output, is committed to support farmers throughout this journey.

Farmers implementing sustainable and regenerative farming practices, therefore contributing to carbon sequestration – amongst other climate adaptation and mitigation benefits – should be rewarded by receiving technical and financial support. The establishment of an EU regulatory framework for the certification of carbon removals is an essential steppingstone towards achieving a net contribution from carbon removals, in line with the EU climate-neutrality objective.

KEY MESSAGES

- ✓ Farmers are at the centre of the transition to more sustainable farming practices. Cooperation among farmers and collaboration along the food chain are essential for a successful transition to more sustainable farming systems.
- ✓ The food and drink industry is actively involved in this transition. Actors of the agri-food chain should be allowed to claim removals generated within their value chain, e.g., being granted preferential access to carbon credits.
- ✓ The EU strategy on carbon removals must be complemented with equivalent frameworks to incentivise farmers and promote reduction and avoidance activities.
- ✓ The EU methodology for calculating removals must be robust, and align with existing global initiatives, such as the Science Based Targets initiative (SBTi).
- ✓ EU policies must be coherent and provide the necessary tools to support this structural change, incentivising more sustainable farming practices.
- ✓ The EU food and drink industry processes 70% of agricultural raw materials produced in the EU. Production of agricultural raw materials for food must remain the priority of farmers.

This paper puts forward the European food and drink industry's recommendations moving forward with the regulatory framework on EU rules for the certification of carbon removals.

1. Complementing the framework and enlarging the scope

The EU framework for the certification of carbon removals is targeting carbon removals exclusively, and therefore will only cover CO₂ emissions. **It is important to complement this strategy with equivalent frameworks to incentivise farmers and promote reduction and avoidance activities.** The EU regulatory framework should be extended to CO₂ equivalent for other types of greenhouse gases (GHG), e.g. according to the Science Based Targets initiative (SBTi).

The scope of the framework should also reflect the environmental co-benefits that accompany carbon sequestration. Actions that generate carbon removals are critical to farm resilience and the associated environmental benefits to biodiversity, watershed health, water availability and quality and soil health. All existing solutions enhancing ecosystem removals via carbon farming must be urgently incentivised.

Finally, the framework must clarify and harmonize claims on neutrality. It should ensure there is no double counting for the carbon footprint of food and drink products by operators and by national governments. Only the entity owning the certificate is allowed to claim the carbon removal. In addition, there must not be any double counting with other carbon pricing mechanisms, such as the Emission Trading System (ETS).

2. Prioritising the agri-food chain decarbonisation

Farmers are at the core of the transition to more sustainable farming practices and food systems. The food and drink industry has been and is increasingly involved in the transition via premium prices, knowledge transfer, capacity building, specific contracts, or financial arrangements, such as cost sharing or loans for better adapted farm equipment.

Agri-businesses have a significant role to play in this transition as they embark in their own journey to net zero. Indeed, many food and drink companies are committed to science-based targets for GHG reduction, requiring them to work within their value chains upstream and downstream to meet their climate goals.

The agri-food chain should therefore be allowed to claim removals generated within that value chain. As an example, agri-businesses could be granted preferential access to carbon credits, generated thanks to a joint effort of agri-food chain actors.

FoodDrinkEurope believes that the EU framework around carbon removals would provide the right tools to decarbonise the agri-food chain. However, such decarbonisation must not jeopardize the supply of food in quality and quantity, and should encourage crop diversity. If market mechanisms were to be set, we must ensure they would not discourage the growing of food.

3. Ensuring a robust methodology

The upcoming regulatory framework must set a level playing field for the calculation and reward of carbon removals, that will allow for European partners to align towards net zero by 2050.

Among other important priorities to ensure a robust methodology, the framework must:

- identify requirements for the permanence of carbon removals into soil;
- foster cost-effective carbon removal solutions;
- prepare for deployment at large scale;
- define requirements for a robust system for monitoring, reporting and verification (MRV) aspects;
- address the risk of intentional or unintentional reversal of carbon removals.

Frontrunning farmers and landowners must not be left behind. It is essential to set rewarding mechanisms and incentives for carbon previously sequestered. If not rewarded, those who keep high carbon stocks would be encouraged to deplete them before re-stocking. Therefore, a methodology for assessing and crediting previous carbon removals should be introduced to incentivise landowners to maintain their carbon stock. A strong MRV system is essential but must not overburden farmers with administrative and financial constraints.

4. Strengthening policy coherence

Alignment with other current and upcoming policies, especially in the Farm to Fork and Green Deal context, is key to the success of this initiative. First and foremost, the new Common Agricultural Policy (CAP) 2023-2027, by introducing a stronger Green Architecture, foresees a funding share for carbon farming and shows a European leadership in a transition towards more sustainable farming and food systems.

In addition, alignment across upcoming regulations on empowering consumers for the green transition, the regulation on substantiating green claims, Carbon Border Adjustment Mechanism (CBAM), provision for the disclosure of non-financial information, corporate accounting requirements in the Corporate Sustainability Reporting Directive, or deforestation due diligence will be key to the establishment of a successful mechanism that will incentivize carbon removals and broader environmental benefits.