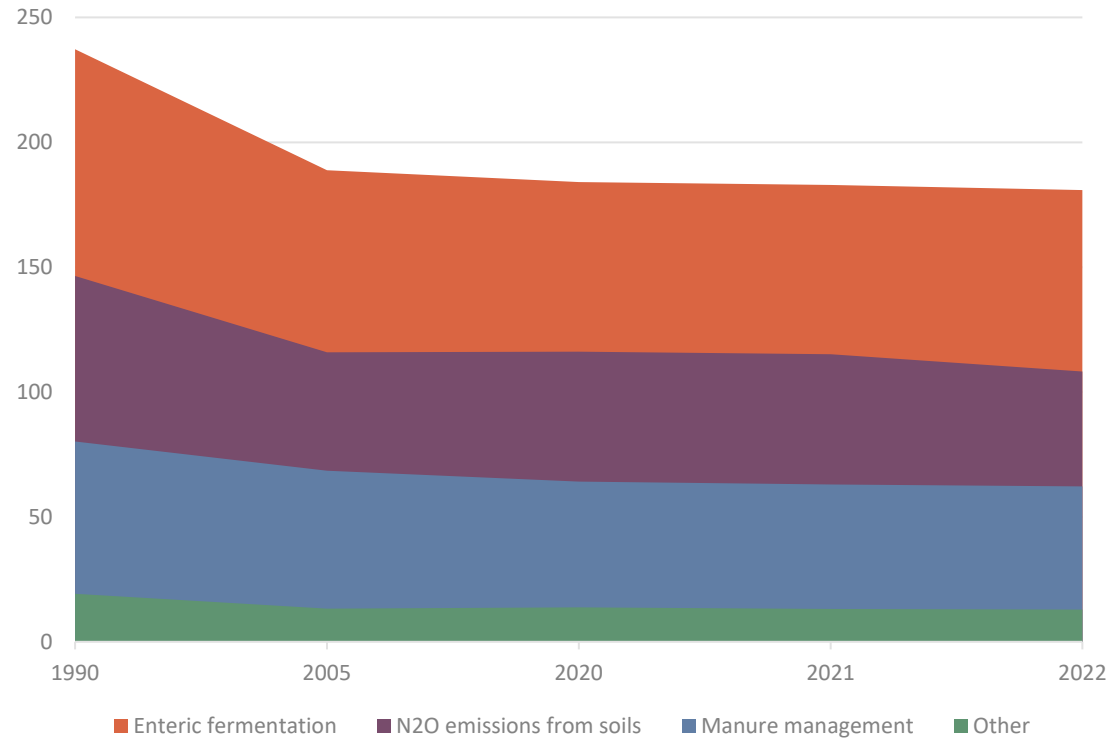


Climate Targets & the State of the Agricultural Sector in the EU

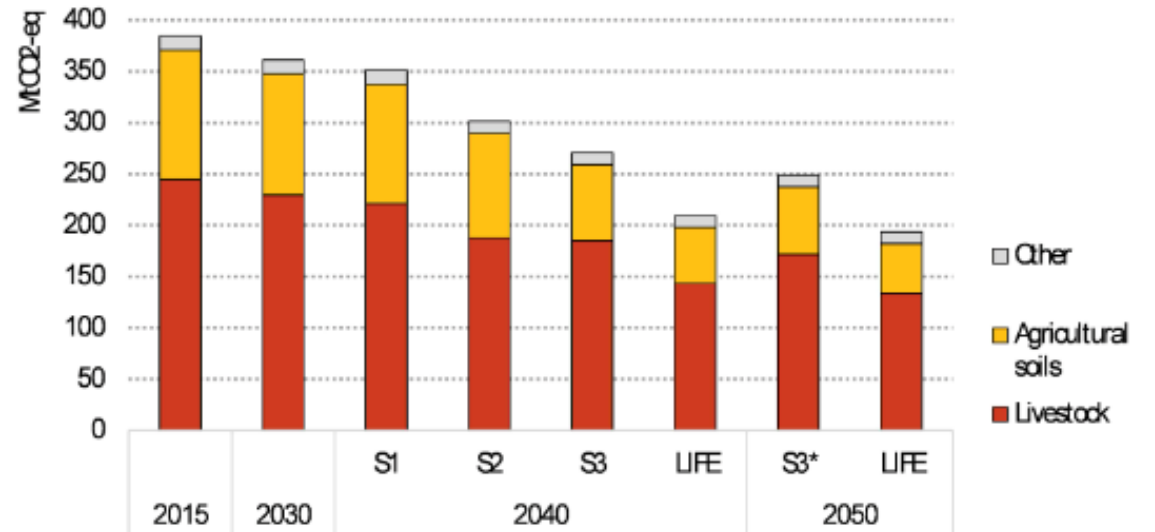


Agricultural emissions: current trends and future needs

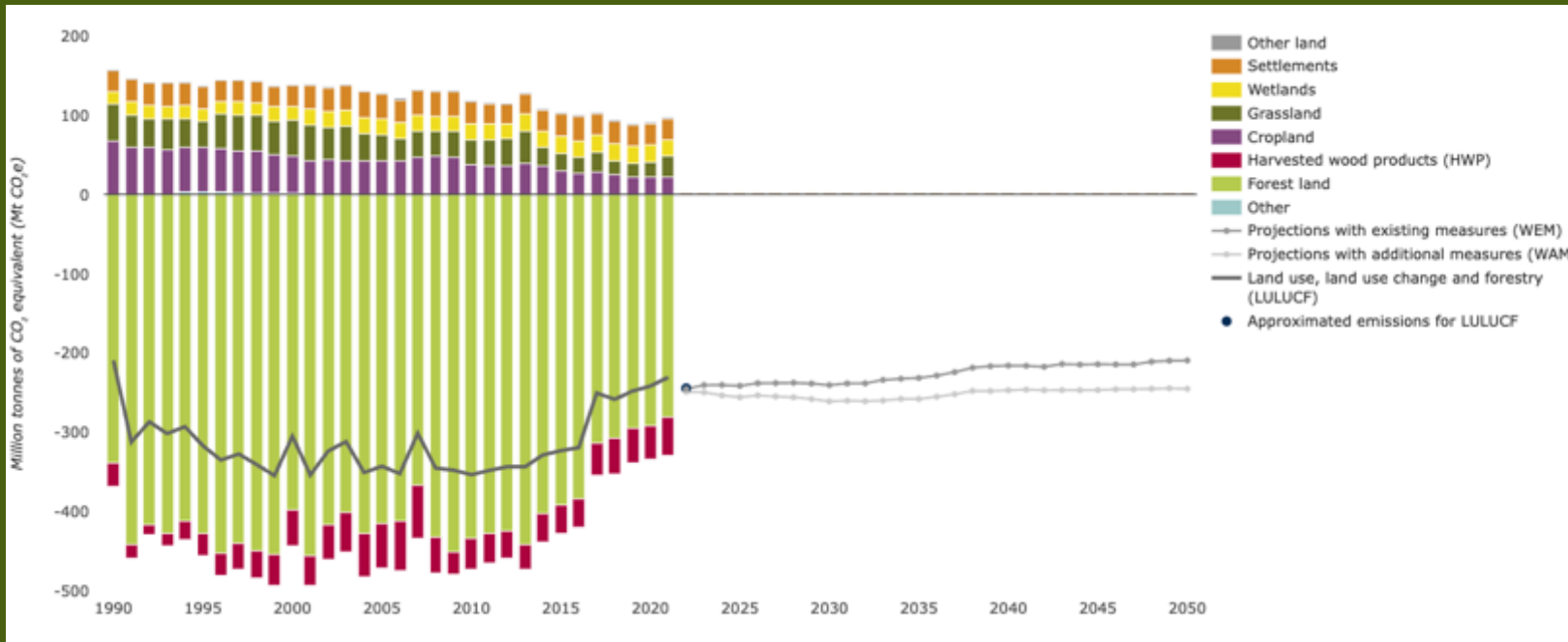
Agricultural Emissions 1990-2022 (in MtCO₂e)



2040 Target Impact Assessment: Scenario Analysis

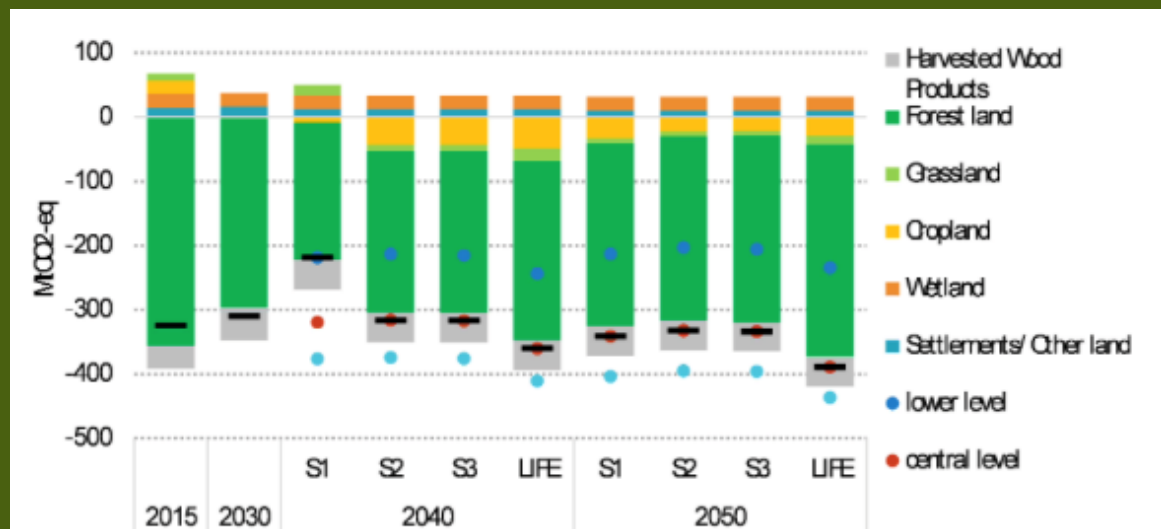


LULUCF carbon sink: current trends and future needs



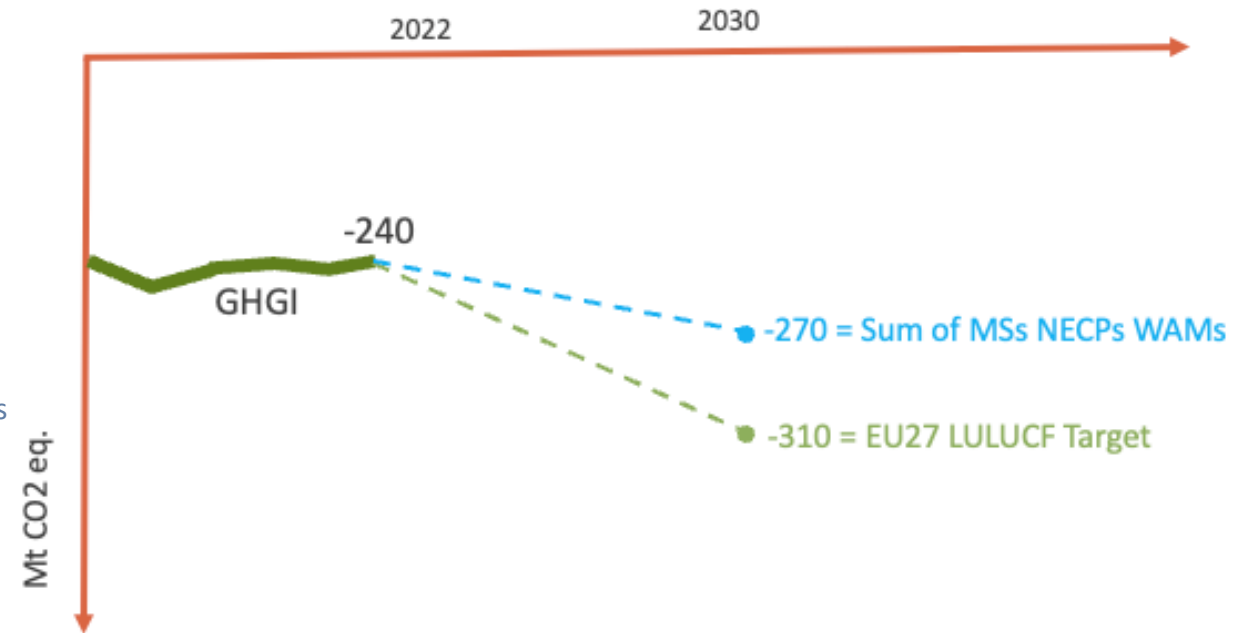
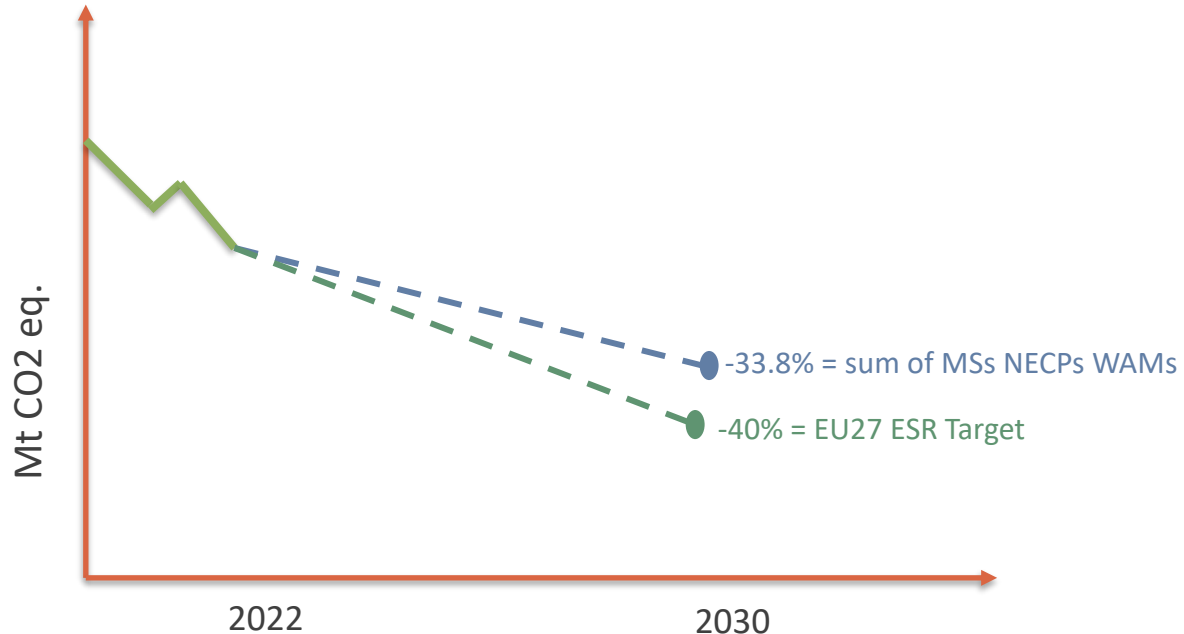
LULUCF emissions and removals

2040 Target Impact Assessment:
Scenario Analysis



Gap between EU targets and drafted NECP measures

- Effort Sharing sectors' emissions: predicted trajectory with additional measures
- LULUCF emissions and removals: predicted trajectory with additional measures



Draft updated NECPs

- Ecologic & IEEP (2024):
 - Most of the analysed countries do not provide a clear scenario description and trajectories demonstrating that they are on track to meet their ESR emission reduction target or their carbon removal target under the LULUCF Regulation

Country	Is the MS projected to meet binding 2030 targets with additional measures ⁴ ?		Does the NECP contain a list of additional measures?		Measure-specific information includes:			
	ESR target	LULUCF target	Agriculture	LULUCF	Expected emission reduction	Budget	Period of implementation	Monitoring indicators
Bulgaria	No	No	Not included	Not included	No	No	No	No
Croatia	Yes	No	Included	Not included	No	Yes	Partially	Partially
Czechia	No	No	Not included	Not included	No	No	No	No
Estonia	No	No	Not included ⁵	Not included	No	No	No	No
Hungary	Unclear ⁶	No	Not included	Not included	No	No	No	No
Latvia	No	No	Not included	Not included	No	No	No	No
Lithuania	No	No	Included	Included	Yes	No	Yes	Yes
Poland	No	No	Not included	Not included	No	No	No	No
Romania	No	No	Included	Not included	No	No	Partially	No
Slovakia	No	No	Not included	Included	No	No	No	No
Slovenia	Yes ⁷	Unclear ⁸	Not included	Not included	No	No	No	No

The 2040 targets: what will be essential to increase ambition in agri-food sector?

- Reaching a 90% net reduction target
 - A sectoral reduction target
 - A whole value chain approach
 - Supply and demand side measures
 - Coherent financing and investment agenda
 - Internalise the true cost of food production
- ...and removals of 400 MtCO₂e
 - Separate targets for emission reductions and removals
 - Genuine coordination between biodiversity and climate objectives
 - High quality data and robust MRV system

Addressing market failures

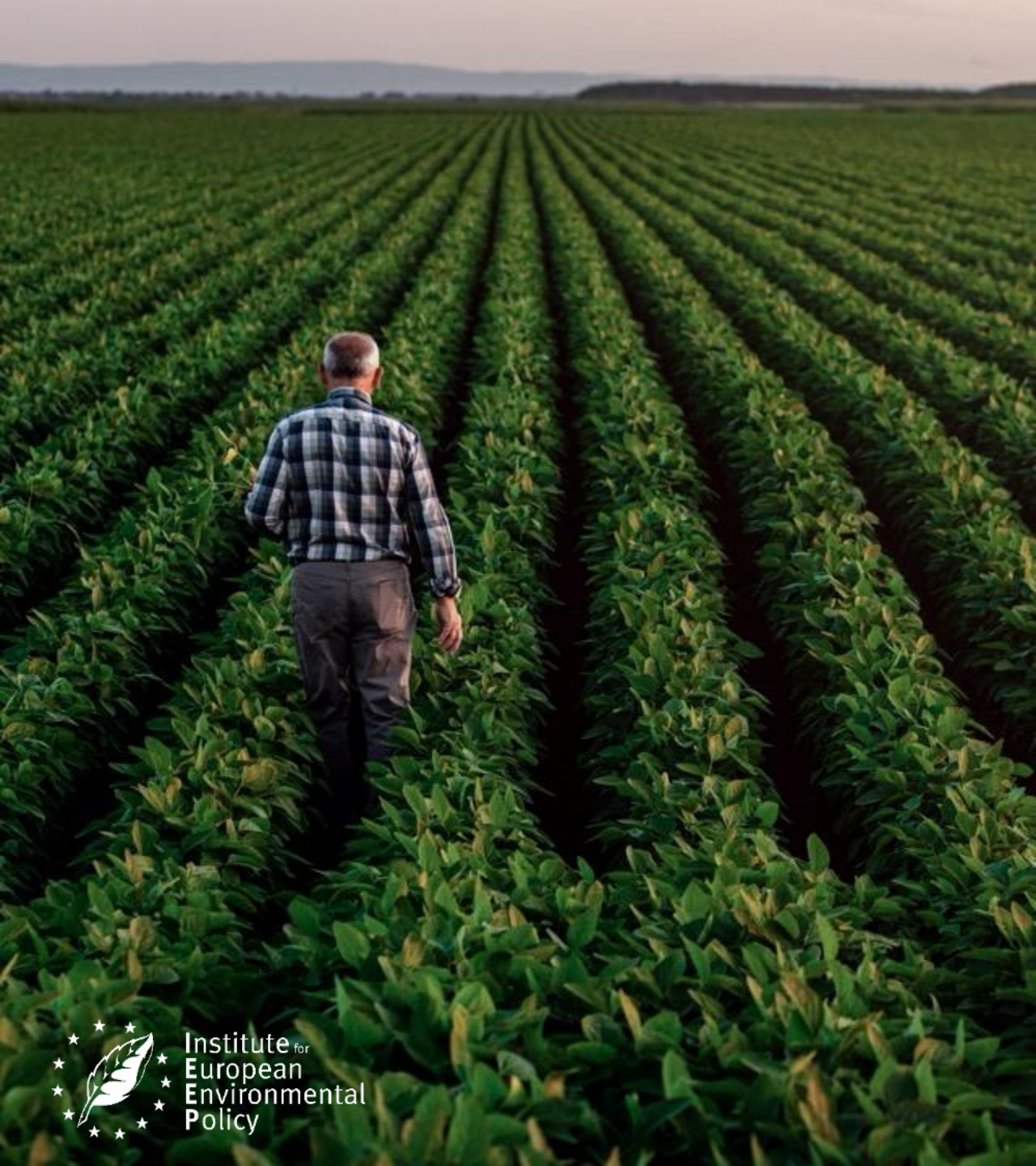
Market failure	Potential policy instruments
Externalities from GHG emissions and removals	Carbon pricing; emissions trading; regulatory standards
Research and development and deployment	Tax breaks and subsidies for research facilitating transition; support for demonstration/deployment; publicly funded research and dissemination
Imperfection in risk/capital markets	Government green lending; green development financing; risk sharing/reduction through guarantees
Insufficient information	Labelling and information requirements on products; disclosure requirements
Co-benefits and trade-offs	Valuing ecosystem services and biodiversity; recognising and minimising impacts

Potential reforms to current framework for 2040

- More targeted funding under the CAP?
- Enhanced monitoring requirements under the Governance Regulation?
- Legally binding targets under the Soil Monitoring Directive?
- Boosting financing for carbon farming through the Carbon Removal Certification Framework?
- Ending derogations under the Nitrates Directive?
- Integration of cattle under the Industrial Emissions Directive?

Addressing MRV challenges

- Agricultural and LULUCF emissions difficult to monitor and verify
- GHG MRV tools are not commonly utilised by farmers in the EU
- The quality of on-farm monitoring is crucial to understanding climate impacts of on-farm measures
- Role of the CRCF for on-farm MRV
- How to measure emissions on-farm (kg/product? kg/GHG/ha? kg GHG/farm)?



Potential new instruments

- Agri-food ETS
 - Payments for removals?
 - CBAM for agri-food?
 - Agricultural Climate Fund?
- Minimum Sustainability Requirements or a Mandatory Climate Standard
- Climate labelling for food products
- PES schemes in priority areas
 - Action-based or result-based?
- Measure(s) to incentivise peatland re-wetting?
- Demand side measures to facilitate changing consumer behaviour?



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