

Climate action in a downstream agricultural emissions trading system



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The need for new climate policies for agriculture

- Agriculture has hardly experienced any emission reductions in the past 15 years
- The CAP has proven ineffective in reducing agricultural emissions
- Emissions trading with supporting regulation has been applied in the EU in other sectors



Five AgriETS models as presented by Trinomics



On-Farm ETS (3)

Point of obligation:
Farm operators

Three ETS options

- All GHG = 426 MtCO₂e
- Livestock = 245 MtCO₂e
- Peatlands = -95 MtCO₂e



Upstream ETS

Point of obligation:
Fertiliser and feed
producers and importers

- 305 MtCO₂e



Downstream ETS

Point of obligation:
Meat and dairy processors

- 245 MtCO₂e



What elements form a climateeffective AgriETS

- Creating a solution space for reducing emissions in agriculture
- Creating positive and negative incentives that reward reductions
- Stringent credit system (additionality and permanence...)

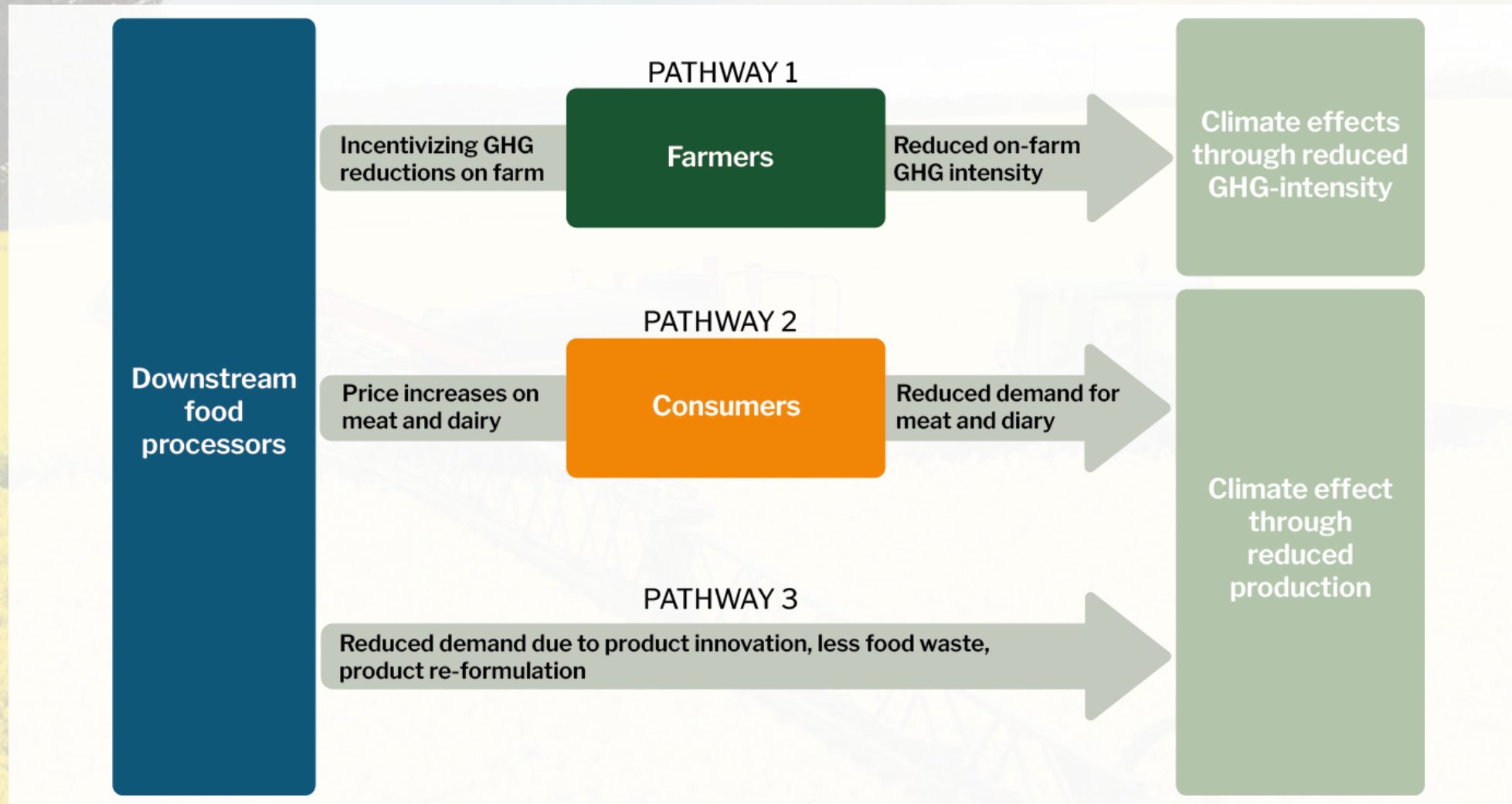


How can we design an efficient AgriETS

- Create a link between processors and farmers
- Enabling abatement along the whole value chain
- Simple Monitoring, Reporting and Verification (MRV)
- Reduce the need for negotiation between farmer and processors





Three pathways to climate action





Focus on a downstream AgriETS


 A downstream AgriETS can be an effective tool to address emissions from the livestock sector

 Ensuring clear incentives on-farm, to enable on-farm climate action

 Good Monitoring, Reporting and Verification (MRV) is key

 The design of a MRV approach can be simple, build on existing data & default values, coherent with the national inventories and include mitigation technologies and practices (audit approach)

 Voluntary on-farm credits is dependent on a high reward – otherwise risk of low participation. Possible issues of additionality and permanence. Compability issues between processors and farmers MRV.

 Revenues can amplify the overall climate action and address other concerns such as distributional impacts



AgriETS must be part of larger policy mix



Coherence with the CAP



Revenues



Other environmental objectives



Regulation for non-livestock emissions



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Thank you

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