

Agri-Food ETS - Future Climate Action?

Benefits, Risk &
Alternatives

17th Feb 2025
Brussels



Rabobank



True prices
for meat and dairy



SPEAKERS:



FLORENCE RANSON
MODERATOR



ALEX DATEMA
DIRECTOR AGRI & FOOD RABOBANK



BART VANDEWAETERE
NESTLÉ EUROPE



KATRIN HEEREN
DIRECTOR ENVIRONMENT
AND SUSTAINABILITY
FOODDRINKEUROPE



VALERIA FLORIN
DEPUTY HEAD OF UNIT
EUROPEAN COMMISSION (DG CLIMA)



JEROOM REMMERS
DIRECTOR TAPP COALITIE



LOUISE WANDAH TAVARES
FISCAL ATTACHE, DANISH PERMANENT
REPRESENTATION TO THE EU



AMANDA BJÖRKSSELL
COPA-COGECA COPA



MATHIEU MAL
EUROPEAN
ENVIRONMENTAL
BUREAU



BERT URLINGS
DIRECTOR PUBLIC
AFFAIRS, VION
FOOD GROUP



LONG LAM
SENIOR CONSULTANT,
TRINOMICS



TORSTEN HASFORTH
CHIEF ECONOMIST,
CONCITO

Programme

- 15.00 h. **Introduction by moderator** Florence Ranson
- 15.05 h. **Key note** Valeria Forlin, *European Commission DG Clima Deputy Head of Unit*
- 15.15 h. Louise Wandahl Tavares, Fiscal Attaché from the Danish Ministry of Taxation
- 15.25 h. Bart Vandewaetere, *VP ESG Engagement Nestlé.*
- 15.35 h. Jeroom Remmers, *Director TAPP*
- 15.50 h. Reaction by EU stakeholders (next 30 minutes)**
- 15.50 h. Amanda Bjorksell, Chair Working Party on Environment & Climate, *Copa-Cogeca*
- 15.58 h. Alex Datema, *Director Agri & Food Rabobank*
- 16.06 h. Torsten Hasforth, Chief economist, Green Thinktank Concito
- 16.13 h. Mathieu Mal, *Policy Officer for Agriculture, the European Environmental Bureau (EEB)*
- 16.20 h. Coffee / tea break 10 minutes**
- 16.30 h. Panel (45 minutes) with other stakeholders and questions of the audience**
- Long Lam, *Senior Consultant, Trinomics*
Katrin Heeren, *Director Environment and Sustainability FoodDrinkEurope*
Bert Urlings, *Director Public Affairs, Vion Food Group*
Jeroom Remmers, *TAPP Coalition Director*
- 15 h. Q&A with audience (15 minutes)**
- 17.30 h** End : drinks/snacks till 18.30 h.



*True prices
for meat and dairy*

Agri-Food ETS for dairy factories and slaughterhouses with a CBAM import tax

Advantages and disadvantages compared with other policies



Jeroom Remmers
Director TAPP Coalition



*True prices
for meat and dairy*

Proposing an
Agri GHG Emission
Pricing System

About TAPP Coalition

- Represents 80 partners, 3,000 companies, 1.6 mln. Europeans in 10 EU countries.
- Advocates for fair food pricing, including external environmental costs (e.g., CO₂).
- Leads the debate on VAT reform, meat taxation, and Ag-ETS.



Making sustainable, healthy food the cheapest option:

**Reducing prices and taxes for healthy, sustainable food
Increasing prices, taxes and farm income for meat and dairy.**

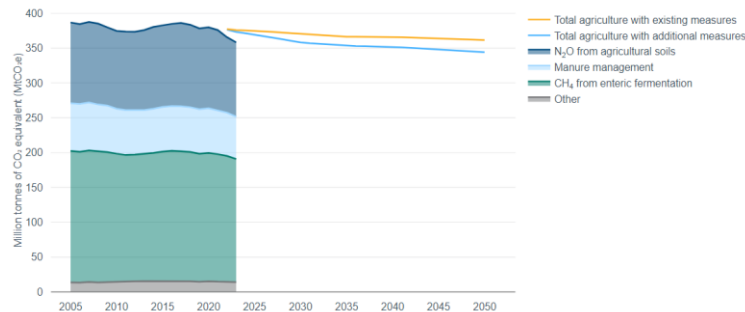


*True prices
for meat and dairy*

Background

- Agriculture contributes 13.2% of EU-27 net GHG emissions (2021, EEA).
- 80% of EU diet-related GHG emissions from meat and dairy.
- Emissions declined by only 5% between 2005-2022. 2030 goals not in sight
- The EU Climate Target 2040 proposes a 90% net GHG reduction by 2040, but agricultural and landuse reductions remain insufficient.

Figure 1. EU agricultural emissions by source and projected emissions



The Problem

- Agriculture lacks a GHG-emission pricing mechanism, unlike other sectors (ETS1 and ETS2).
- Unfair burden on other sectors to compensate for agri-food emissions.
- Insufficient ambition for non-CO2 emission reductions in agriculture.

Why do we need (Agri) ETS? Global Chef Sache

'In the European Union, if you pollute, you have to pay a price for that!' Von der Leyen (2-12-23)



World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾ Breakingviews ▾ Technology ▾ Investige

EU's von der Leyen urges world to examine global carbon pricing

By Reuters

June 22, 2023 1:05 PM GMT+2 · Updated 2 years ago



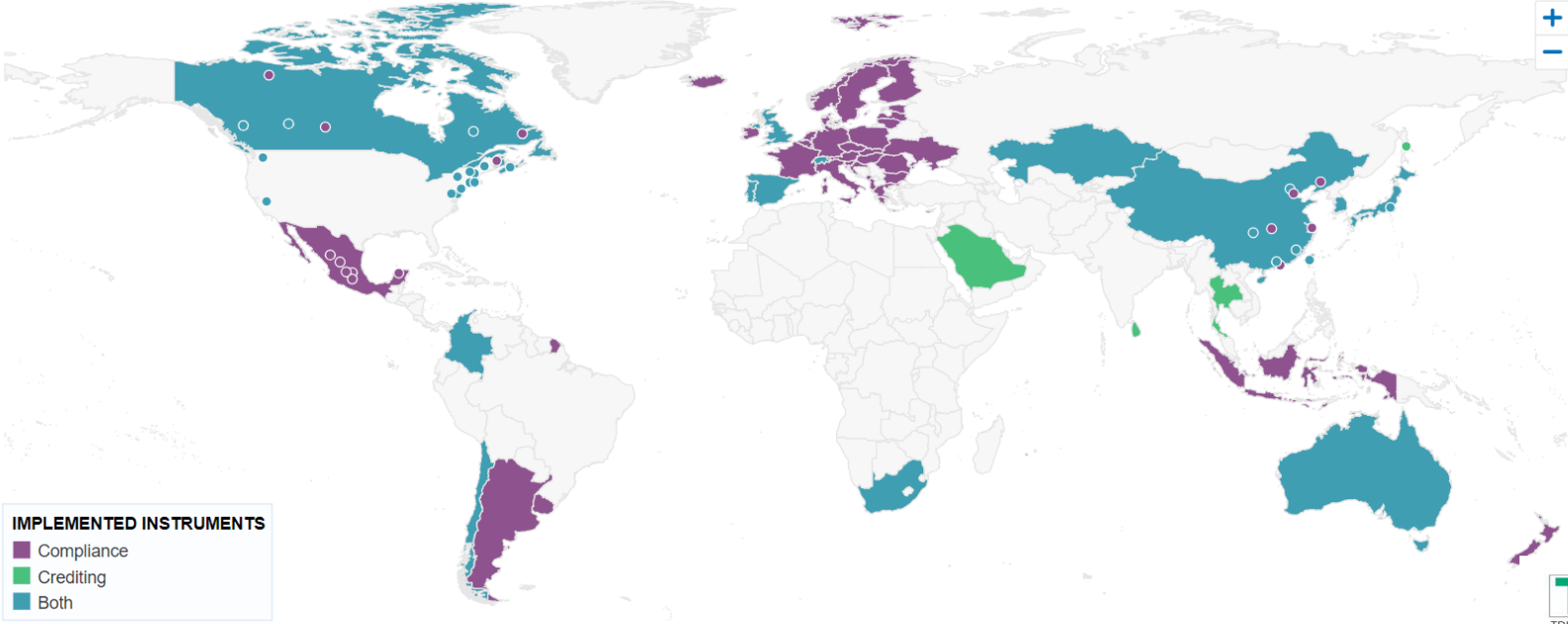
*True prices
for meat and dairy*

Why do we need an Agri-ETS? ETS works !

Carbon pricing instruments around the world, 2024

Download

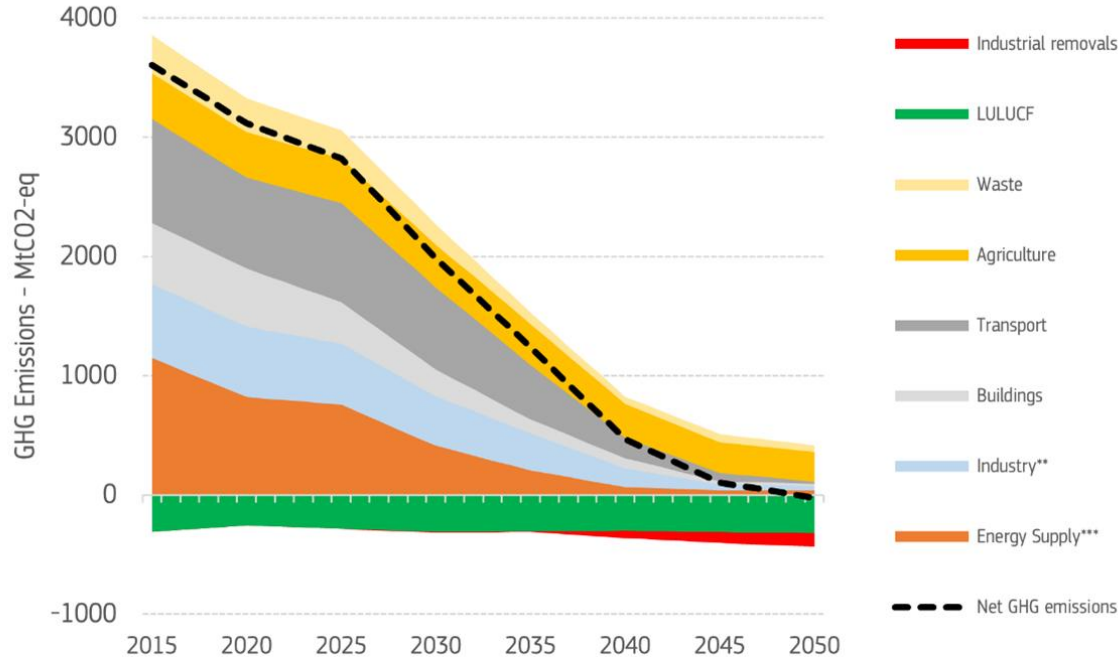
Map shows jurisdictions that have implemented Direct Carbon Pricing Instruments - Compliance instruments (Emissions Trading Systems (ETS) and Carbon taxes) and/or domestic carbon crediting mechanisms, subject to any filters applied. The year can be adjusted using the slider below the map.



True prices
for meat and dairy

Why do we need an Agri-ETS?

Greenhouse gas emissions in the period 2015-2050*



*Source: PRIMES, GAINS, GLOBIOM

**Excluding non-BECCS industrial removals

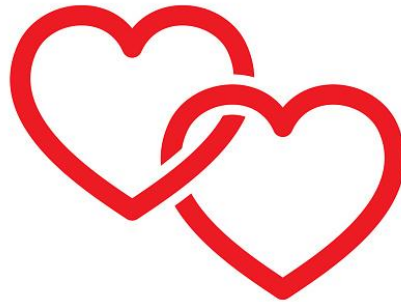
***Including Bioenergy with carbon capture and storage (BECCS)



True prices
for meat and dairy

Why an Agri-ETS?'

It combines competitiveness and climate goals



Why do we need an Agri-ETS?

- **Fairness.** “Polluter pays” principle. Ensure both costs and benefits are fairly shared.
- **Alignment of policies and objectives.** Promotes broader policy goals, also non-climate
- **Stability and predictability.** Stable policy framework with strong signal to investors.
- **Transparency.** Effective carbon pricing is designed and carried out transparently.
- **Efficiency and cost-effectiveness.** Lowers the cost and increases efficiency
- **Reliability and environmental integrity.** Reduces practices that harm the environment.

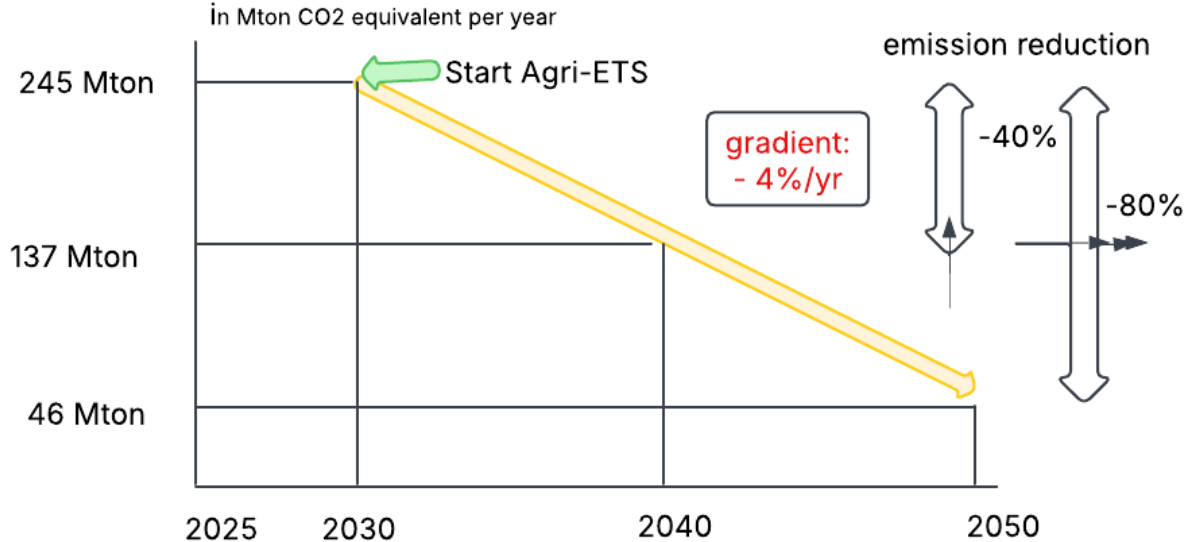
Carbon pricing and an annual emissions cap ensure that polluters pay, and that **Member States generate revenues** which they can invest in the green transition



*True prices
for meat and dairy*

How can we implement an Agri-ETS? (ETS-3)

Declining EU Agri-ETS emission cap dairy factories/slaughterhouses



ETS-2
transport &
buildings:

Emission cap
reduction in
2025-2027,
through
annual linear
reduction
factor of
5.1%

TAPPC
TRUE ANIMAL PROTEIN PRICE COALITION

*True prices
for meat and dairy*

How?

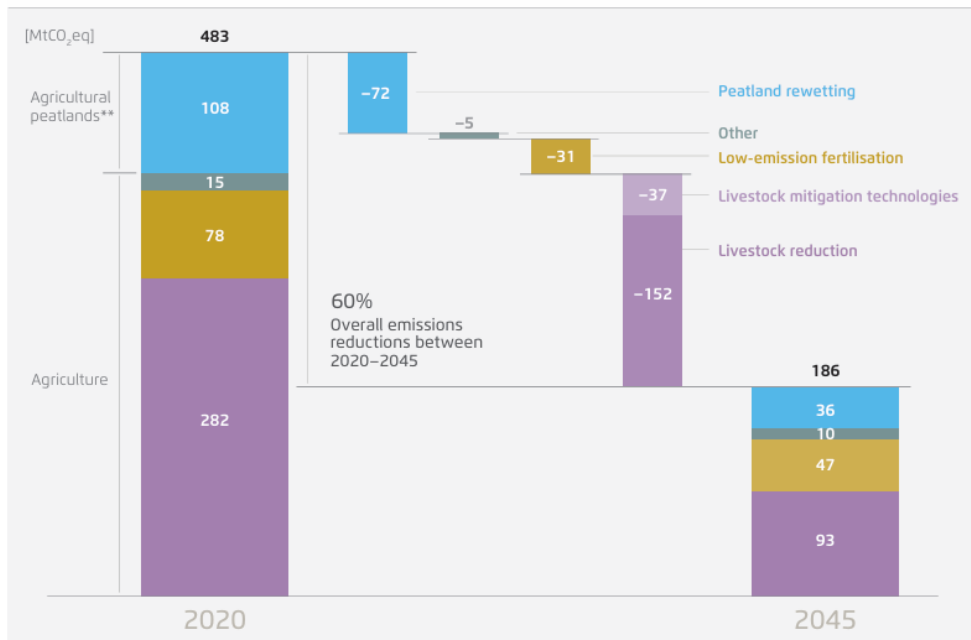
- Livestock mitigation technologies
- Animal feed additives
- Bio-energy from manure
- Methane oxidation (e.g. soil filter)
- Agroforestry or no/low tillage (carbon farming)
- (re) Forestation
- Bio-char
- Livestock reduction
- Switching to other livestock
- Organic dairy & beef
- Plant based meat & dairy
- And more...



*True prices
for meat and dairy*

Reduction of greenhouse gas emissions from EU agriculture and agricultural peatlands between 2020 and 2045*

→ Fig. 5



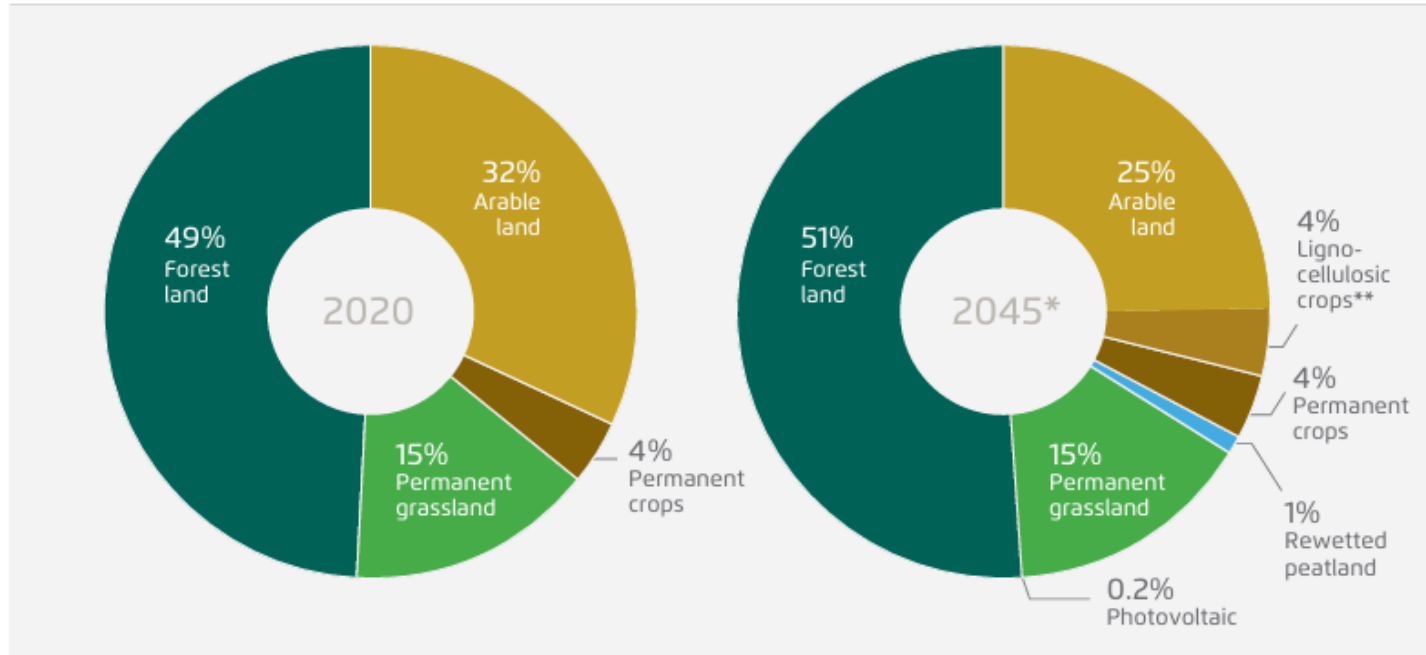
● Emissions from livestock and manure ● Emissions from agricultural soils ● Other emissions from agriculture
● Emissions from agricultural peatlands

Agora Agriculture based on CAPRI results. *N₂O emissions from manure application under "livestock and manure", N₂O emissions from organic soils under "agricultural peatlands"; ** estimate for emissions from agricultural peatlands with CAPRI data on organic soils and emission factors from IPCC, see Annex Chapter 7

Impact on land use

Land use in the EU agricultural and forestry sectors in 2020 and 2045

→ Fig. 3



Agora Agriculture based on CAPRI results. * due to rounding figures add up to more than 100%; ** e.g., short rotation coppices, agroforestry, miscanthus on arable land

TAPPC
TRUE ANIMAL PROTEIN PRICE COALITION

*True prices
for meat and dairy*

Why do we need a downstream Agri-ETS?

- It allows businesses to choose in a **flexible** way how and when to meet their emission reduction targets at the **lowest cost possible**
- It will **boost innovation**, clean agri-tech, bio-energy from farms, plant based proteins and agro-forestry while reducing dependencies of non-EU animal feed.
- invest in **most cost-effective solutions**, e.g. technology upgrades, process changes, selling more plant based meat or dairy (also mixed within processed meat/dairy products) or buying allowances from other companies.



*True prices
for meat and dairy*

Benefits of a downstream Agri-ETS?

- Reduce emissions & **potentially sell excess allowances, creating a financial gain.**
- Auctioning allowances and introducing CBAM-import taxes on meat/dairy will **generate revenue for farmers to subsidize them to reduce GHG-emissions.**
- **CBAM taxes can protect European livestock farmers** against unfair EU imports of meat/dairy with low prices, from countries like USA, Asia and S-America.



*True prices
for meat and dairy*

Benefits of GHG Emission Pricing

- Incentivizes reduction of high-emission products.
- Encourages healthier, sustainable diets.
- Aligns with broader EU sustainability, health, and economic goals.
- Supports climate-neutral agricultural practices.
- Lower costs compared to obligatory climate standards for companies
- Less political and farmer opposition compared to on-farm ETS



*True prices
for meat and dairy*

Proposed Solutions

1. Set a clear carbon reduction target for agriculture by 2040.
2. Combine: subsidies (CAP-reform), climate standards (eg retail) & Agri-ETS, ETS 1 for Peat soils, Fair Pricing for farmers, Public Procurement & Food Policies
3. Introduce a CO2 eq. price for agri-food GHG emissions and VAT reform food.
4. Implement an Ag-ETS system targeting slaughterhouses and dairy factories.
5. Utilize **revenue** to:
 - Subsidize agri-food GHG emission reduction & Support sustainable/organic farming. Most financial support for small & medium-sized family farms (<150 livestock units)
 - Compensate low-income households through a Social Climate Food Fund.
 - Contribute to global climate finance (Loss & Damage Fund?)

Ag-ETS System Proposal

- Focus on slaughterhouses and dairy factories.
- Gradual implementation:
 - Start in 2030 with a cap of 245 Mt CO₂ eq emissions.
 - Reduce emissions by 4.4% annually, achieving 44% reduction by 2040 and 82% by 2050.
- Exclude organic meat/dairy to encourage these farming methods

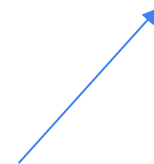
Support for GHG Emission Pricing in Agriculture

- Supported by IPCC, FAO & EU Scientific Advisory Board on Climate Change.
- Public consultation (580 stakeholders): 54% support agri-food carbon pricing; only 16% oppose.
- Downstream Ag-ETS (slaughterhouses/dairies) most preferred agri-ETS option: 40% of stakeholders, only 6% opposed.
- Open Letter to Ursula von der Leyen on Ag-ETS signed by:



Strategic Dialogue on Agri-ETS

- Calls on EU Commission to assess an Agri-ETS
- Impact analyses (effectiveness, trade)
- Revenues of Ag ETS earmarked to support less affluent households, investments in agri-food sector and nature-based carbon sinks
- Low Admin & monitoring costs, training
- Prevent buying offsets in stead of emission reduction
- Sharing the cost across the value chain
- Inconsistencies between EU and national systems
- Sector's unique characteristics



Downstream ETS
proposal TAPP
Coalition



*True prices
for meat and dairy*

Concerns with Agri ETS



Mitigation:

- Loss of biodiversity
- Animal welfare
- Small farms / organic farms
- Comes late
- Learnings from ETS 1, ETS2: no free allowances, CBAM needed
- Agri-ETS standalone (ETS 3) or within ETS 1 and ETS 2
- More CAP-payments
- EU Animal welfare legislation
- Exclusion from downstream ETS
- Start 2030 latest with high ambition
- No free allowances, CBAM, - 4% per year
- ETS3? No link with removals

Call to Action

Message to EU Leaders:

- Prioritize a robust carbon reduction target for agriculture.
- Implement an effective carbon pricing mechanism for the agri-food sector.
- Support farmers and consumers in transitioning to sustainable practices.



*True prices
for meat and dairy*



Thank You for Your Attention

Contact Information:

Jerome Remmers, Director, TAPP Coalition

Email: info@tappcoalition.eu

Website: <https://tappcoalition.eu/>

Support / join:

tappcoalition.eu

Making sustainable, healthy food the cheapest option:

Reducing prices and taxes for healthy, sustainable food

Increasing prices, taxes and farm income for meat and dairy.

