

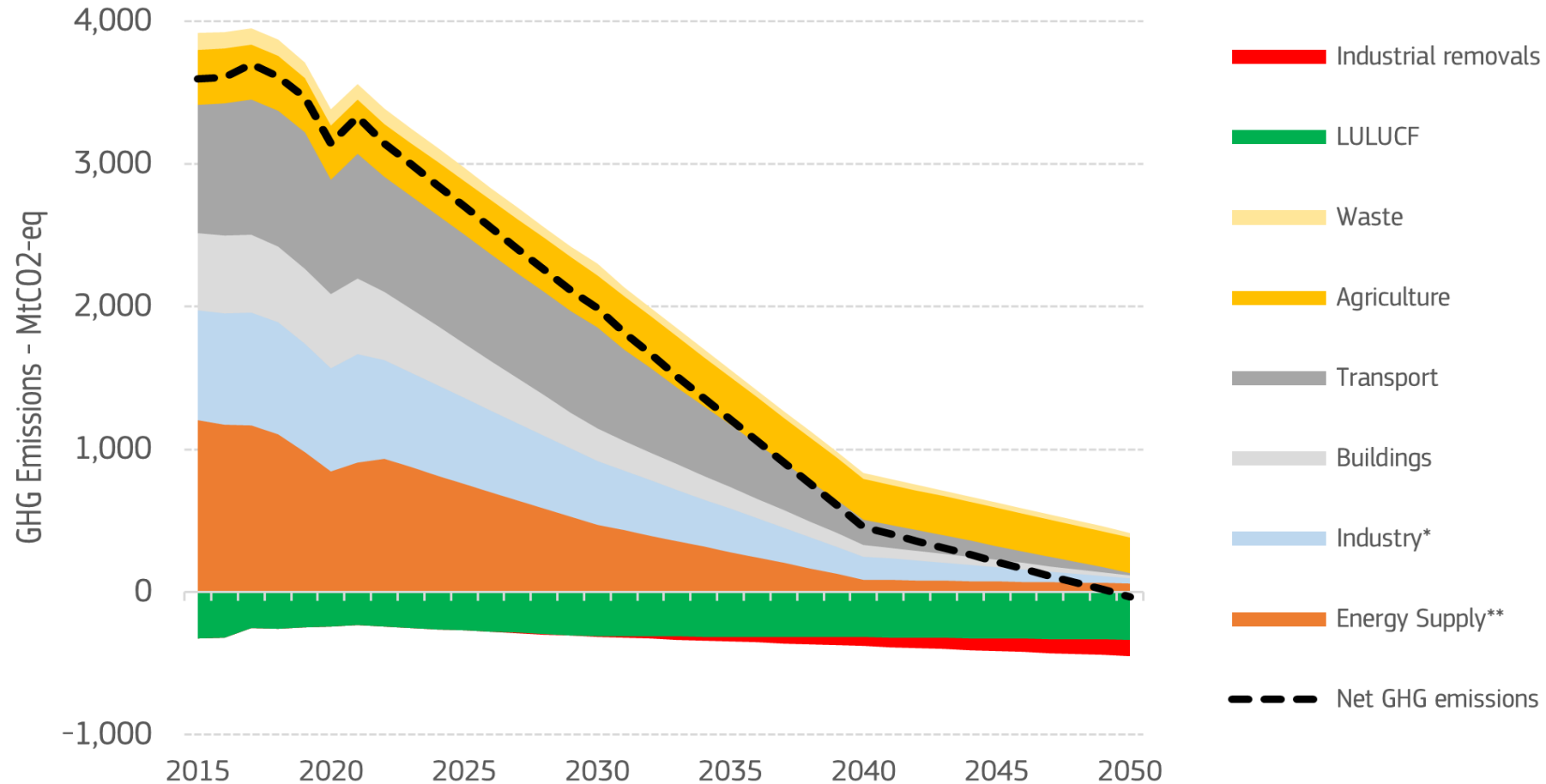


Agri-Food Value Chain

22 March 2024

Pathway to climate neutrality

Historical and projected sectoral greenhouse gas emissions in the period 2015-2050



*Excluding non-BECCS industrial removals

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

Innovation potentials in Agri-Food Value Chain

Fertilizer producers

- Nitrification inhibitors

Farmers

- Precision farming
- Biomethane, biowaste as industrial feedstock
- Feed additives, breeding of livestock
- Agroforestry, rewetting of peatlands, ...

Food processors

- Sourcing of sustainable inputs
- Marketing
- Reduction of food waste

Starting up carbon farming

On-farm monitoring

EU
Certification
Framework

Soil and
Forest
Monitoring
Laws

Project development and advisory services

Private
initiatives

Public
support

Financing

**Corporate
Sustainability
Reporting**

• [Sustainable Reporting
Standards on Climate](#)

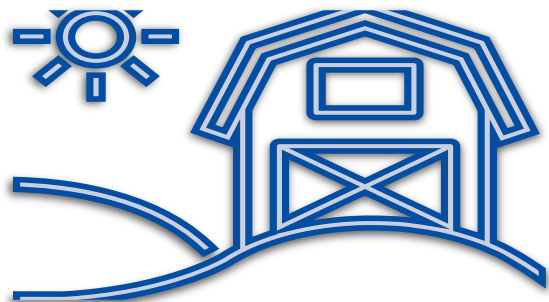
Green Claims

• [Commission proposal](#) from
March 2023 on climate-
neutrality claims

**Post-2030
Climate Policy**

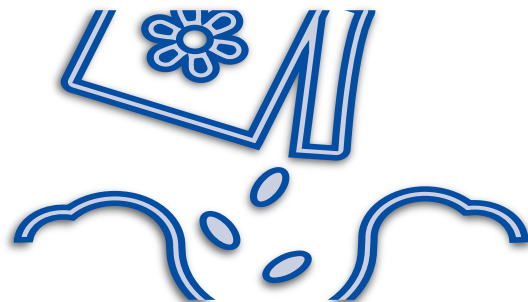
• Study on Emissions and
Removals Trading in the
AGRI-FOOD value chain

5 ETS policy options explored



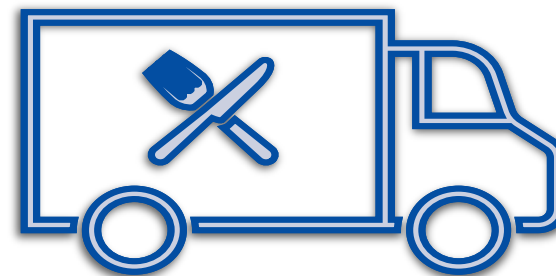
On-Farm ETS (3)

- **Point of obligation:** farm operators
- **Three ETS options**
 - All GHG
 - Livestock
 - Peatlands



Upstream ETS

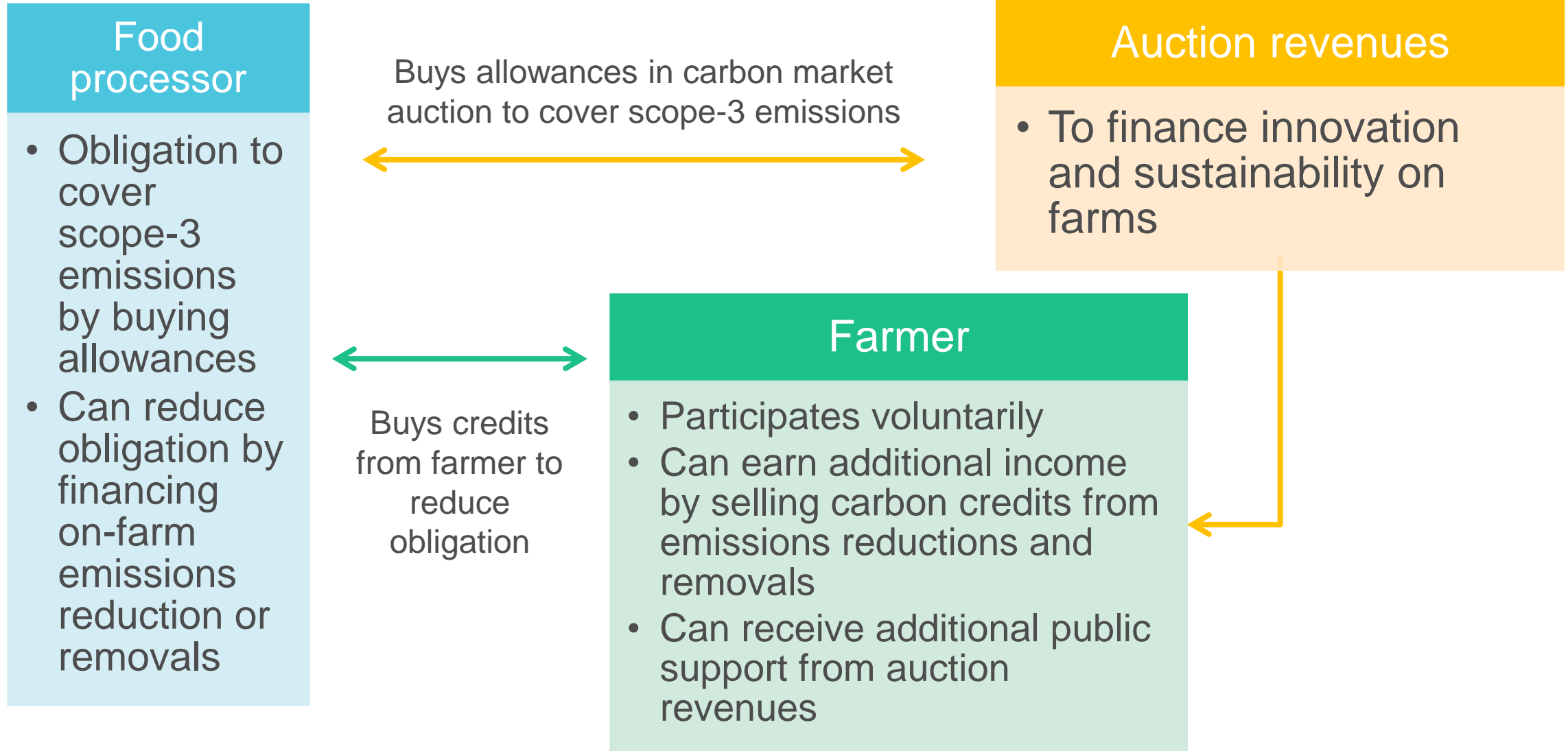
- **Point of obligation:** fertiliser producers and importers



Downstream ETS

- **Point of obligation:** meat and dairy processors

Emissions and removals market for Agri-Food Value Chain: *Example of 'downstream' system*



Open questions for further study

- Administrative feasibility of down- and upstream options
- Impact on trade
 - Feasibility of a Carbon Border Adjustment Mechanism for agri-food goods
 - Implications of tariff rate quotas in Free Trade Agreements
 - Feasibility of free allocation
- Impact on farm income
 - Competitive advantage from sustainable farm management
 - Additional support from ETS revenues for investments, etc.
- Impact on consumer marketing and prices
- Impact on resilience, environment, animal welfare