

The Institute for European Environmental Policy

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Incentivising climate mitigation across the agri-food value chain

- Autumn 2023: Exploratory study on potential policy options for an agri-food ETS
 - Consortium led by Trinomics, with IEEP and Ecologic Institute as project partners
 - *"Pricing Agricultural Emissions and Rewarding Climate Action in the Agri-Food Value Chain"*
- Summer 2025: Follow-up study assessing potential environmental, economic and social impacts
 - Consortium led by Trinomics, with IEEP, Wageningen University, and Ricardo as project partners
 - Study aims to contribute





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“Pricing Emissions Along the Agri-Food Value Chain”

2023 Exploratory Study

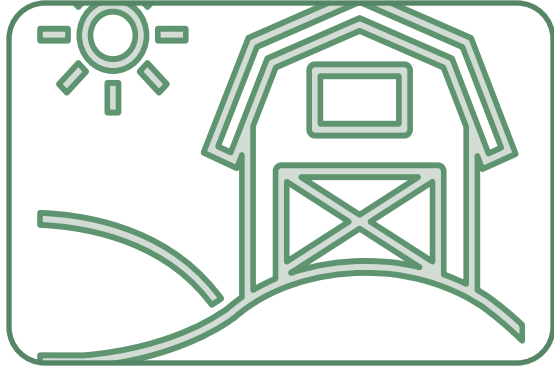
Trinomics, IEEP, Ecologic Institute, Carbon Counts, UbA

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5 AgETS policy options explored (2023 exploratory study)



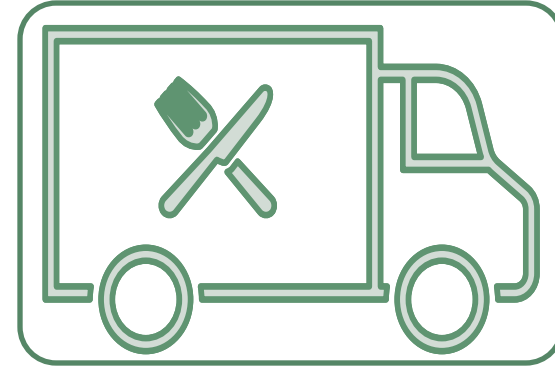
On-Farm ETS (3)

- **Point of obligation:** farm operators
- **Three ETS options**
 - All GHG = 426 MtCO₂e
 - Livestock = 245 MtCO₂e
 - Peatlands = ~95 MtCO₂e



Upstream ETS

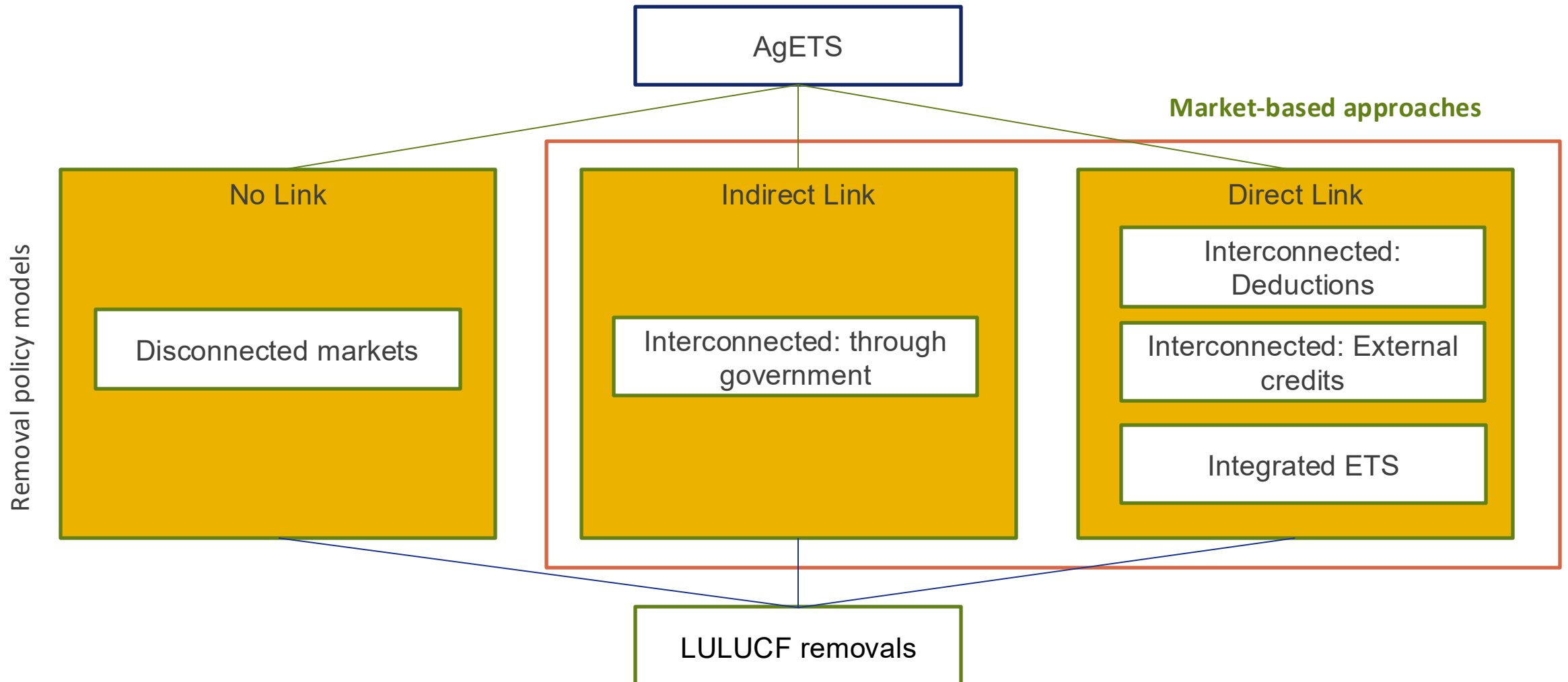
- **Point of obligation:** fertiliser and feed producers and importers
- 305 MtCO₂e



Downstream ETS

- **Point of obligation:** meat and dairy processors
- 245 MtCO₂e

2023 Exploratory Study: 5 removal policy models to link to an AgETS



Certified on-farm voluntary credits

- Two proposed methods for MRV
 - Default MRV method
 - Default emissions factors for all compliance entities
 - Readily identifiable data
 - Administratively simple
 - Certified MRV method
 - Voluntary opt-in of on-farm data
 - Approved methodologies under the CRCF
- Voluntary participation of farms
 - Provide farms an opportunity to receive financial support in transitioning towards mitigation practices
 - Non-obligated farms could calculate and certify their emissions in a detailed and accurate way on a voluntary-basis
 - Farmers given tradeable credits generated through the Certified MRV approach

2023 Exploratory Study: Key take-aways

- An on-farm AgETS can provide direct price incentives for farmers to change their practices:
- Impact of an upstream and downstream AgETS depends on the extent to which incentives are passed on to farms
- The nature of LULUCF removals poses challenges to their incorporation into an AgETS
 - Non-equivalence of LULUCF removals
 - Risks of emissions reduction deterrence
- The different removal policy models explored in this study pose different strengths and weaknesses, and there is not a single best solution



Combinations of AgETS options and removal policy models: stakeholder preferences

- Strong stakeholder preference for a downstream AgETS in combination with the No link: Disconnected market policy model or the Direct link: Deductions
- General opposition to an on-farm ETS in almost all combinations

Policy models for linking LULUCF carbon removals	AgETS options		
	On-farm ETS	Upstream ETS	Downstream ETS
No link: Disconnected market	+/-	+/-	++
Indirect link: Interconnected through government	--	-	+
Direct link: Deductions	--	+/-	++
Direct link: External credits	--	-	+
Direct link: Integrated ETS	-	+/-	+



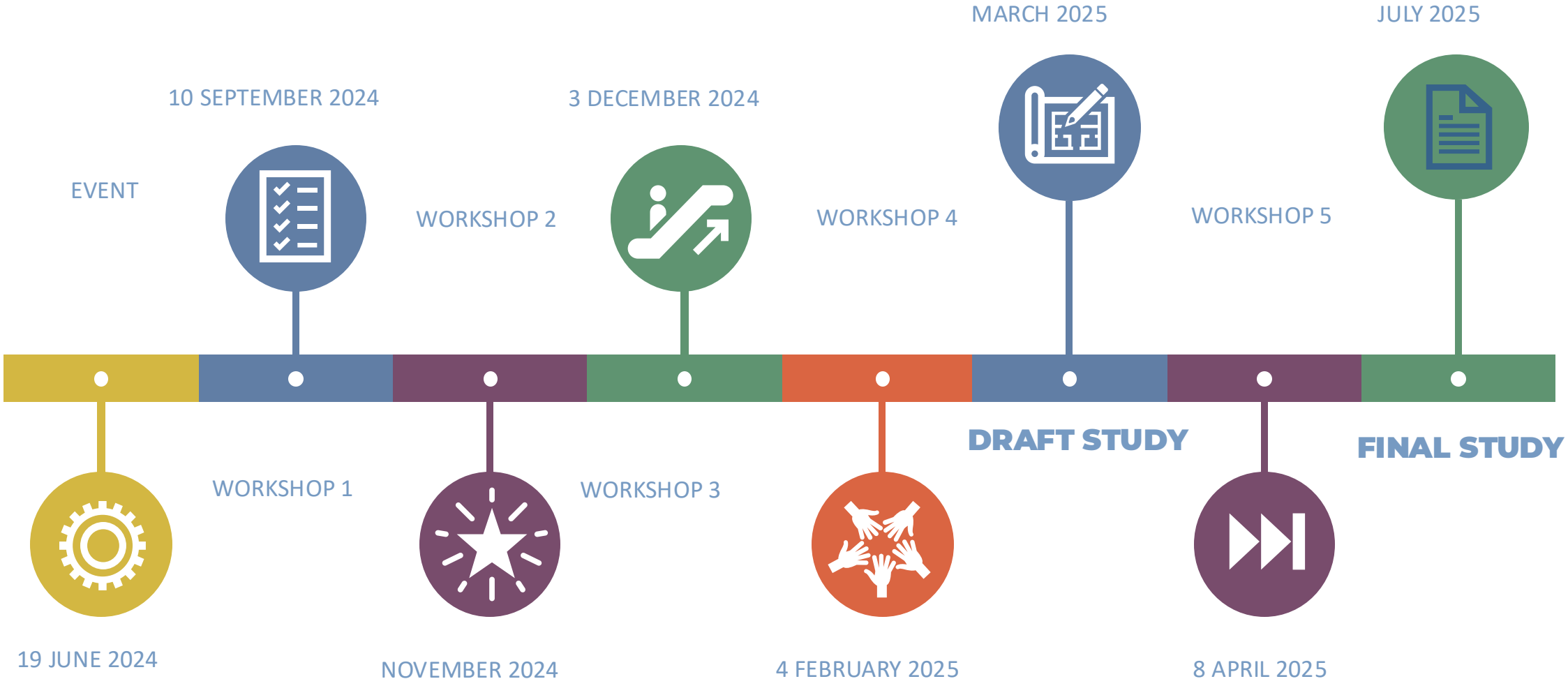
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Climate change mitigation policy options across the agri-food value chain for the post-2030 framework

2025 follow-up study assessing potential environmental, economic, and social impacts of agri-food climate policy options

Trinomics, IEEP, Wageningen University, Ricardo

Follow-up Study assessing potential Impacts: Timeline



Three types of policy interventions

- **boosting finance** for certified on-farm climate mitigation activities
- **mandatory climate standards**
- **agri-food emissions trading system**

CRCF as a key tool facilitating policy implementation

5 policy options for assessment

Carbon Farming Procurement

Foster an EU market on CRCF units (generation and purchase of CRCF units)

Mandatory Climate Standards

Feed producers and/or food processors

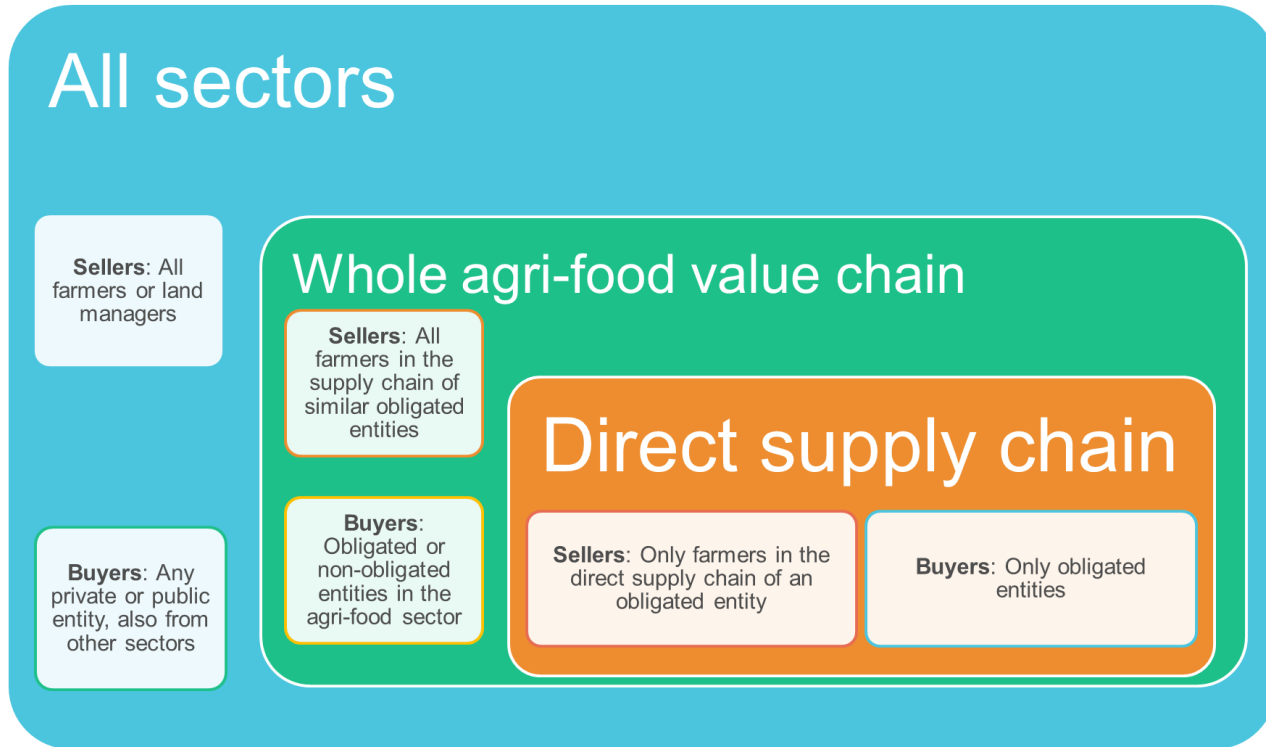
Retailers and/or other actors downstream (e.g. caterers)

Agri-food ETS

Feed producers and/or food processors

On-farm

Design choices for buying, selling, trading CRCF units



centralised pool

All sectors

separate contracts for food and carbon delivery

Whole agri-food value chain

contracts for both food and carbon delivery

Direct supply chain



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Thank you for your attention!

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