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# PICCMAT

## Stakeholder Consultation Workshop

Brussels, 25 June 2008

Policy options

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## Aim of the paper

- Identify options for (EU-level) policy-making to support mitigation efforts in agriculture in the context of recent developments:
  - Health Check
  - Budget review
  - Climate and energy package
- Provide a basis for discussions at this workshop and for a wider on-line consultation process
- Develop policy recommendations by integrating results of consultation

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# Priorities for policy action

- Integrated and strategic approach
  - Integrated rural land use programmes (EU/national/regional)
  - Overlay different objectives (mitigation, adaptation, biodiversity, water, agrofuels etc....)
  - In place by 2013 to guide 2013 - 2020 policy?
- Begin with ,climate proofing‘ of CAP regulations

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# Priorities for policy action

- Preservation of existing carbon stocks, e.g. peatlands, wetlands, carbon-rich soils



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# Short-term policy options (2007 – 2013)

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# Rural development

- Pillar 2 of CAP (21% of the budget plus Member State co-funding)
- Four axes:
  - improving competitiveness (1)
    - farm modernisation
    - first afforestation of agricultural / non-agricultural land
    - setting up agroforestry
  - land management and countryside (2)
    - agri-environment measures (AEMs)
    - non-productive investments
  - quality of life (3)
  - Leader approach (4)

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## Rural development

- ‘Climate screening’ of rural development measures (especially AEM)
- Increase funding to cover additional mitigation targets
- Redesign (introduce) AEMs to incorporate mitigation practices/practices with multiple benefits
- Promote the inclusion of PICCMAT practices into national/regional AEMs

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# Rural development

- Use the potential of organic farming for climate change mitigation.
  - Climate change as a target in Council Regulation 834/2007
  - Insert mitigation measures into production standards
- Implement pilot projects to test different approaches (e.g. integrated farm plans, carbon offsetting, indicators)
- Expand and/or target farm training on GHG flows and mitigation practices

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## Cross Compliance

- Good agricultural and environmental condition (GAECs)
  - Soil erosion
  - Soil organic matter
  - Soil structure
  - Minimum level of maintenance
- Statutory Management Requirements (SMRs)

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# Cross Compliance

- Many existing cross-compliance standards provide co-benefits for mitigation, but they may need to be
  - better targeted (e.g. maintaining permanent pasture (possibly: site-specific ban))
  - strengthened (e.g. soil organic matter, Nitrate Directive requirements for frequency, timing and quantity of fertiliser)
- Mitigation could be included as an explicit target in GAECs
  - Ensure better targeting of measures
  - Increase salience and awareness

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# Cross Compliance

- Introduce ‚Ecological Priority Areas‘ into GAEC to ensure the continuation of environmental benefits of set-aside
  - Preserve/create carbon stores
  - Co-benefits for biodiversity

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# Longer-term policy options (post 2013)

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## New CAP design

- Merge pillar 1 and pillar 2 into ‚Fund for sustainable development‘ in rural areas
- Funding for **minimum legislative baseline** for all farmers; **targeted incentives** for more ambitious mitigation efforts
  - Multiple levels (higher levels defined by additional requirements and additional funding)
  - Applicable to all farmers (with a size threshold)
  - May require additional compensation for smaller / marginal farms

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# Carbon trading

- In theory a cost-effective policy solution; selling credits could be attractive...
  - Cap and trade system
  - Project-based credit schemes (voluntary)
- ... but there are significant challenges:
  - Administration, monitoring/accounting, leakage, competitiveness, additionality, training needs
- Option at national level? (New Zealand is giving it a try...)
- Pilot projects could test feasibility of voluntary project-based trading of carbon offsets

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# Carbon trading

... favours **results-oriented approaches:**

- The result is rewarded – e.g. increase of carbon, reduction of emissions – the choice of measures is left open
- Indicators are needed for measuring and verification
- **Proxies** for agricultural GHG emissions can be used, e.g. **farm level nitrogen balance** and **farm level carbon balance**

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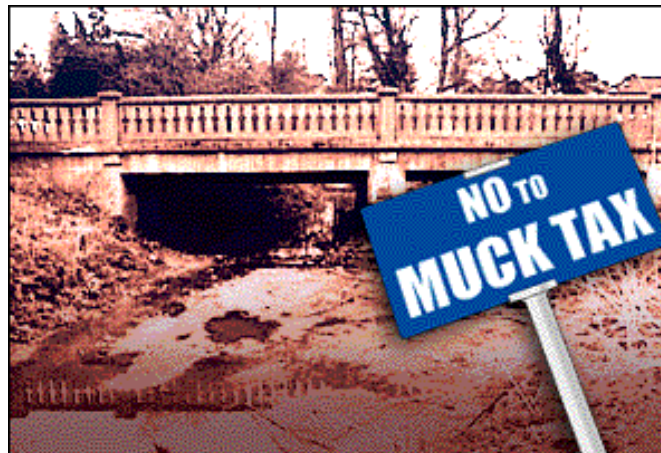
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# Taxes

They may not be so popular...



- ... but could be an option for national mitigation strategies (or even EU-wide?) if...
- ... they are carefully designed to avoid unwanted economic and distributional effects

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# Consumer information & carbon labelling



- Tap the potential of consumer behaviour to trigger change in production
- Communicate the environmental impact of products – and the benefits from environmentally friendly food production

... but there are so many labels already...

→ Could we design an integrated food labelling system that includes different environmental impacts?

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## World Café questions

1. **Priorities for EU-level policy making** (in the current policy period: 2008 – 2013)
2. Policy instruments for mitigation: **rural development funding**
3. Policy instruments for mitigation: **cross compliance**
4. Long-term policy development: **mitigation in a future CAP**
5. Policy instruments: **new approaches and alternatives**
6. Measures at **national/regional level**

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# PICCMAT consultation process

We also welcome your written comments on the  
policy options paper!

Please send them to  
[piccmat@ecologic-events.eu](mailto:piccmat@ecologic-events.eu)

**By July 15!**