



Copa-Cogeca's Position on the
"Fit for 55" Package:
Fit for European Agriculture,
Forestry and Ensuring Food
Security

Brussels, 25th February 2022

Background

The Fit for 55 Package is a comprehensive and interconnected set of 13 proposals which aim to make the EU's climate, energy, land use, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. The EU legislators' success in achieving these emission reductions in the next decade is crucial to Europe becoming the world's first climate-neutral continent by 2050 and making the European Green Deal a reality. When it comes to achieving these ambitious objectives, the agriculture and forestry sectors are and will be indispensable partners. No other sector in Europe will be able to remove emissions from the atmosphere naturally, while at the same time promoting the development of a bio-based economy and guaranteeing food security.

With the rise of the Green Deal, the Common Agriculture Policy (CAP) remains the main European policy and the historical cement of the EU, but it is clear to us that the CAP is no longer the only policy that has a significant impact on agriculture. The Farm to Fork Strategy, the Biodiversity Strategy for 2030, the Soil Strategy, the Forest Strategy for 2030, and the Fit for 55 Package are all initiatives whose guiding principles were sketched out in 2021 and which will have to be translated into legislative proposals from 2022 onwards.

These initiatives propose profound changes and major investments that will redefine our agricultural model for the decades to come. On the ground, European farmers are engaged in these multiple transitions.

The Fit for 55 Package is an opportunity to bring about a fair cross-sector approach in EU climate and agricultural policy. We need to use all policy tools available at EU level to make sure that the pace of change is sufficient, but not overly disruptive for the farming community. We need a fair transition, in which sustainability can be improved. However, this must be done in a manner that strikes a balance between the economic, environmental, and social dimensions so that does not leave anyone behind – especially farmers.

This paper presents comments on 7 of the legislative proposals, providing key messages and recommendations where we believe changes are needed. References to detailed Copa and Cogeca position papers or contributions on each proposal are also present.



Our commitments: building on the potential of the land-based sector

EU agriculture and forestry are among the most efficient and advanced in the world in terms of their commitment to the climate and the environment. As professionals in the field, we are and will continue to be the first to be affected by climate change. Farmers, forest owners and their cooperatives have to adapt to severe weather conditions (e.g. droughts, floods and landslides, damage caused by bad weather and excessive heat), to volatile growth periods and to new diseases or diseases that spread to new regions.

We are committed to making the EU climate-neutral by 2050, by reducing our emissions, producing biofuels, bioenergy, and bio-based materials for other industries, and by increasing/maintaining the carbon sink that agriculture and forestry can represent by optimising CO₂ absorption of ecosystems while replacing fossil fuels. Nevertheless, the production of food (incl. feed) remains a central factor, as per Article 2 (b) of the Paris Agreement. The agricultural sector works in open natural systems, which cannot be influenced at every stage. One of the main risks that we will have to face because of the European Green Deal is climate dumping from countries that will voluntarily or involuntarily progress slowly with their adoption of a greener agriculture.

22 million farmers, their family members and 22,000 agri-cooperatives are committed to contributing to the Paris Agreement and supporting worldwide climate change mitigation as an essential part of the international political agenda. As an international leader in climate change mitigation, the EU should actively promote higher international climate ambitions and seek cooperation with other parts of the world in order to reduce greenhouse gas (GHG) emissions globally and to avoid carbon leakage.

European farmers, forest owners and agri-cooperatives are ready to do their part in delivering the ambitious EU climate objectives. The EU farming model is based on diversified, local, and family farm structures. As such, it has allowed EU agriculture to increase its overall productivity by 25% since 1990 while reducing its non-CO₂ GHG emissions by 20% over the same time period (from around 487 million tonnes of CO₂-equivalent to 385 million tonnes in 2019)¹. Agriculture has decoupled its environmental impact from production growth. Still, today and in the future, more can be done to enhance adaptation and mitigation.

Building on what has already been achieved and on the best practices being applied on the ground

by farmers, forest owners and cooperatives (see <https://farmersclimact.eu/> <https://17reasons2coop.eu/>), the EU objectives will only be achievable if we implement efficient legislative instruments which build on the climate change mitigation potential of the land-based sectors. Besides reducing emissions, the solution lies in ensuring the long-term economic viability of the land-based sector. In a context where European Agriculture represents 10% of all EU GHG emissions², Copa and Cogeca agree that all sectors have to play their part and that incentives for developing climate-friendly and sustainable practices, products and technologies have to be strengthened.

The majority of new vehicles will continue to have internal combustion engines. Consequently, the EU will continue to depend on liquid fuels as it strives to reach the level of the European Climate Law's ambitions and the meet the objective to decarbonise transport. The emissions of the transport sector represent one quarter of total emissions and are still 24% above the level of 1990³. No technology must be excluded from the toolbox at our disposal to decarbonise the transport sector, which must include sustainable arable crop or forestry-based biofuels.

By definition, agricultural operators operate in a decentralized manner and can therefore play a role as an alternative to the current classical centralized energy model. Experience has shown that electricity grids in rural areas are often insufficient and must be improved. Cogeneration technology also plays an important role in the agricultural sector; it is currently mainly used in the greenhouse horticulture sector, albeit using fossil fuels, but the fuel use can of course evolve into a renewable fuel (hydrogen).

The Fit for 55 Package has to provide certainty and stability for the agricultural sector and take into account its capacity, potential and constraints when it comes to reducing GHG emissions.

Forestry and agriculture are sectors that have great potential when it comes to mitigating climate change and promoting the shift towards the bioeconomy – this potential needs to be recognised and implemented in accordance with the LULUCF and the EU Climate Law with reachable aims.

European farmers, forest owners and their cooperatives can truly become carbon capture and storage champions. The sector can provide society with overall climate benefits by increasing the carbon stored in long-lived wood products, bio-based materials, and soils by promoting circular approaches based on biogenic sources. Carbon credit schemes could provide financial incentives to climate change mitigation in farming and CO₂-

1 Sources: Eurostat https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Performance_of_the_agricultural_sector#Value_of_agricultural_outputEuropean

2 Source : Eurostat https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Climate_change_-_driving_forces#Agricultural_emissions

sequestration in land use and forestry. Agriculture and forestry are, due to their nature, the sectors with the highest carbon sequestration potential on land. However, farmers and forest owners have to be remunerated accordingly for their stewardship of and achievements regarding CO₂ sequestration through agricultural and forest ecosystems.

The share of biomass for energy (bioenergy) represents almost 60% in the portfolio of renewable energies in the EU. Ambitious promotion of the spread of bioenergy and further technological development in all areas of application (heating and cooling, mobility, and electricity) is key to achieving the climate goals and phasing out fossil fuels.

We also believe that the Commission should double its efforts to boost research and innovation in agriculture. This could make a vital contribution to reducing emissions and improving efficiency. Research and innovation are crucial to supporting the sector's efforts in this regard. Innovation, research, and practical solutions tailored to local pedo-climatical conditions should be supported through ambitious measures rather than becoming binding regulation.

Any weakening of the EU's current border protection for agricultural products could dramatically undermine efforts to reduce emissions and could increase carbon leakage. We need to ensure fair competition and consistency between trade policy and the Green Deal, Farm to Fork, and Fit for 55. Copa-Cogeca supports trade within the EU and with third countries. Trade must be based on balanced, fair, and transparent rules to avoid distortion of competition. In principle, imports into the EU must be in line with the Union requirements for its own farmers.



1. Pricing: a fair and coherent green transition

□ Revision of the Energy Taxation Directive (ETD) (Position paper available here [QJ\(21\)6826 \(rev.4\)](#))

The Commission draft maintains the possibility for derogations for energy products used for heating purposes and for electricity, used for agricultural, horticultural or aquaculture works and in forestry. However, the draft provides for a significant increase of the minimum levels allowed from day one, 1.1.2023, until 1.1.2033.

Key messages:

- The Commission proposal should maintain the current derogations. The value of energy products used in agriculture, forestry and horticulture represent a significant share of the costs in these sectors. This puts more pressure on the income of farmers, especially on small farms. Therefore, an increase in the cost of agricultural inputs would have repercussions on the price of agricultural, horticultural and forestry products. This is not in the interest of EU consumers. In turn, this would result in investments in the sector falling through, and be a particular threat to activities which depend on cogeneration (Combined Heat and Power - CHP).

- Article 17 of the recast of Directive 2003/96/EC on the taxation of energy products and electricity should be adapted accordingly, allowing energy products and electricity used for agricultural, horticultural or aquaculture purposes, and in forestry to continue being part of the sustainable green transition.

- Copa and Cogeca welcome the proposal to tax fuels based on their energy content (rates in euros/gigajoule) but call for this to be applied only to fuels of fossil origin in order to encourage investment in clean technologies. It would be unacceptable for biofuels to be taxed more than fossil fuels with the same energy content.

- Copa and Cogeca do not support certain Commission proposals aiming to:

- set a minimum level of half of the reference rate for sustainable food and feed crop biofuels and for sustainable biofuels used as heating or motor fuels as of 1st January 2023;
- tax sustainable food and feed crop biofuels at the same level as conventional fossil fuels as of 1st January 2033.

- Only the motor and heating fuels produced or derived from biomass that do not conform with the sustainability requirements of Directive (EU) 2018/2001 and/or that pose a high indirect land use change-risk should be taxed at the same level as fossil fuels.

- No discrimination should be made between sustainable food or feed crop biofuels and advanced biofuels as long as they adhere to the sustainability criteria laid out in Directive (EU) No 2018/2001 (RED II).

- Article 16 §3 of Directive 2003/96/EC on the taxation of energy stipulates that the exemption or reduction of taxation applied to biofuels shall be adjusted by Member States according to the evolution of the raw material prices in order to ensure that such



reductions do not lead to overcompensation of the additional costs of producing biofuels. The adjustment of taxation of biofuels must also take into account the price of biomass.

- Direct or indirect fiscal incentives for the biofuel/bioliquid industry should take into account the Community preference.

Copa and Cogeca call for a gradual transition and request that any change to the current derogation schemes specific to energy used in agriculture, horticulture, forestry, and biofuels include:

1) an appropriate transitional phase with its implementation not starting on day one, 01.01.2023, 2) realistic adjustment phases.

This would allow operators to have the much-needed time to adapt to the heavy economic impact of the proposed changes and enhance investments. The current context of higher energy prices, combined with increased costs for farmers and its uncertain duration could lead to the unsustainability of business activities for many farmers and cooperatives.

□ **Carbon Border Adjustment Mechanism (CBAM)** (Reply to the EC feedback available at CBAM(21)5493 (rev.2))

Although we support the idea of setting up a CBAM for agricultural products, the Commission has decided to exclude agriculture from the CBAM proposal while including the iron and steel products and fertiliser sectors. This unfair and double penalty for farmers will be unbearable and could lead to carbon leakage in agriculture. It should be rectified by excluding the fertiliser sector or developing a tool to prevent carbon leakage (CL) in agriculture.

Key messages:

- Copa and Cogeca support the idea of setting up a CBAM for agricultural products, provided that certain conditions are met. From the farming perspective, the CBAM could work as a measure to prevent CL on the provision that it is in line with the European tariff system and agricultural expectations while also ensuring consistency within the agri-food value chain. The mechanism could help prevent competitive disruption, but this would require access to the latest available technologies.

- CL in agriculture must be successfully prevented without adding an excessive layer of bureaucracy to carbon accounting while also acknowledging that agriculture must be granted free baseline emissions, which are unavoidable as we are dealing with natural processes. While we must not refrain from using the CBAM against unfair competition from countries with lower environmental ambitions, we do agree that the CBAM should

not be used as a protectionist tool. It should be compatible with the WTO rules, thus ensuring EU agriculture is not a target of retaliation. For the moment, this remains unclear.

- Should the Commission proposals be adopted as they stand, we call on the Commission to increase the price competitiveness of fertilisers, improving the functioning of the fertiliser market. To support agriculture in coping with the increased input costs, revenues from the CBAM on fertilisers should be channelled into a specifically designed fund for innovation and investments.

- We oppose any demands to shorten the period for the phasing-in of the CBAM as this would not allow fertiliser producers in third countries to decarbonise their production until the CBAM is fully phased-in. In a market where the EU is a net importer, as is the case for fertilisers, a short period of phasing-in would produce price shocks and reduce competition.



2. Targets: unlocking removals from land-use, land-use change and forestry

□ **Greenhouse gas emissions and removals from land-use, land-use change and forestry (LULUCF)** (Reply to the EC feedback available at EN(21)5365:4) Copa-Cogeca welcomes carbon removals as part of the EU's enhanced climate ambitions and stresses that this constitutes an important step towards achieving the climate targets for 2030 and 2050.

We need a carbon removal system that is market-based as per European Climate Law. Actively supporting a market for carbon sequestration in cooperation with key actors will be decisive in reaching a 55% GHG emissions reduction target in the EU food chain by 2030 and climate neutrality by 2050. Another key consideration will be the use of wood and wood-based products, not only for capturing atmospheric carbon, but also as a substitute for fossil-based products.

The Commission proposal focuses on offsetting CO₂-equivalent emissions through carbon practices in areas with CO₂-equivalent mitigation potential such as land, livestock, and manure management.

The Effort Sharing Regulation (ESR) covers non-CO₂ emissions of methane and nitrous oxide (as well as CO₂ from liming, nitrogen trifluoride, perfluorocarbons, hydrofluorocarbons, and sulphur hexafluoride) and, in the case of LULUCF, removals and emissions of carbon dioxide, from different types of land and farming management practices which vary depending on the period.

The LULUCF has identified the following three periods: 2021-2025, 2026-2030 and 2031



onwards. Emissions from livestock and manure management are covered by the ESR until 2030. From 2031 onwards, they will be covered by the LULUCF.

Key messages:

- The Union-wide greenhouse gas removal target of 310 Mt of CO₂ equivalent for 2030 and the objective to achieve climate neutrality in Union-wide greenhouse gas emissions by 2035 are very ambitious.

- We call on the Commission to conduct a thorough impact assessment that also investigates the impact of a new pillar in the EU's climate policy structure on the individual farmer (administration, cost of efforts, additional income, etc.).

- The scope of Article 9 should be extended to "Fossil Substitution Products".

- With regards to the LULUCF-ESR flexibility, available from 2021-2030 and capped at 280 million tons of CO₂, Copa and Cogeca regret that the flexibility applies to all the sectors covered by the ESR, namely: energy, industrial processes and product use, agriculture and waste. Given the close relationship between the forestry and agriculture sector as well as other societal limitations (i.e., food security considerations), flexibilities among these two sectors should be prioritised. The current proposals should be modified to ensure that when a Member State opts to use the ESR-LULUCF flexibility mechanisms, LULUCF removals are used to offset emissions covered by the ESR arising from livestock and manure management and from crop nitrogen fertilisation. Measures to reduce emissions should take into account different GHG emissions, their sources, and the way they interact in the atmosphere. For instance, we have to consider new scientific findings, where biogenic methane from ruminants is evaluated and understood as a form of emissions which interact as part of a cycle and decompose over time. Thus, targets and reduction plans should reflect these differences accordingly .

- LULUCF's flexibilities to sell surplus removals to other Member States must retain a voluntary character and, in the case of trading emissions, shall reflect the nature and cost of the practices used to create them. Member States can determine the prices of surplus removals based on incurred costs.

- There is a strong need for a suitable timeline and a toolbox fit for purpose, aligned with the cost-efficient attainment principle.

□ **Effort Sharing Regulation (ESR): Binding annual greenhouse gas emissions reductions by**

Member States (Reply to the EC feedback available at EN(21)6893 (rev.2))

Key messages:

- We ask the Commission to reconsider the GDP-per-capita approach and consider the high level of reductions that some EU Member States have already achieved.

- Copa and Cogeca welcome the ESR's LULUCF flexibility mechanism which should allow Member States to use LULUCF credits to offset emissions in the ESR sector, but we strongly encourage a prioritization of offsets of emissions from the agricultural sectors over other sectors covered by the ESR.

- Emissions and removals in the LULUCF sector should not be treated as a tonne-for-tonne equivalent of emissions in other sectors that are not linked to land and soil management and use.

- We support the approach where carbon capture and removal is accounted under the ESR, with a clear preference for flexibilities between the AFOLU sectors.

Copa and Cogeca look forward to the publication of the legislative proposal on carbon removal certification by the end of 2022 and call on the Commission to clarify remaining uncertainties, such as how carbon credits would be established or how and to which sector carbon removal should be accredited: the sector capturing the CO₂-equivalent emissions or the one to which the buyer belongs? Measures should be put in place to prevent trade-offs from companies and/or the industrial sector that could acquire these credits to compensate for their emissions to avoid devising a combined package of measures to reduce emissions.

□ **Renewable Energy Directive (RED)** (Detailed position paper available at BI(21)6574 (rev.5))

The target to increase the share of renewable energy sources in gross final energy consumption from 32% to at least 40% by 2030 is a step in the right direction to decarbonise the sector but requires an extremely ambitious expansion of all renewable energy technologies.

Currently, electrical energy only covers approximately 22% of the final EU-27 energy demand with as little as around 35% of electricity generation in the EU-27 coming from renewable energy sources and 65% derived from fossil fuels and nuclear energy.



Key messages:

- The role of certified, sustainable agricultural and forest biomass must be strengthened in all the bioenergy sectors.
- We support the Commission's proposal to increase the binding European target to promote renewable energy sources.
- The proposed greenhouse gas intensity reduction target for transport is largely insufficient because sectors falling within the Effort Sharing Regulation must reduce emissions to offset transport sector emissions if the Member States do not set specific sectoral targets. Member States should also have the flexibility to decarbonise the transport sector using a renewables obligation or a combination of the two approaches.
- The EU should revise upwards the 7% cap on crop-based biofuels or enable the necessary flexibility to maintain and pool at EU level, giving every Member State a certain amount of room for manoeuvre.
- All multipliers including those in the maritime and aviation sectors must be removed.
- Intermediate crops must be on the list of feedstocks for advanced biofuels. The growing of intermediate crops should aim to improve the agro-ecological function of farms by encouraging minimal tillage techniques and by increasing the use of organic fertiliser to meet the crops' nutrient needs. The biofuels from intermediate crops must be eligible for the decarbonisation of aviation and maritime transport.
- The separate target for advanced biofuels may lead to a further development of renewable biomethane in transport. Gaseous fuels are a mature transportation technology which does not require large investments and additional innovations to be deployed.
- On biogas, the system of guarantee of origin should be extended beyond GHG emissions savings to include broader sustainability aspects.
- As regards the cascading principle, the timber market is too complex in nature for the constraints that a rigid regulatory approach would impose. Such an approach would also entail considerable market disruptions, having profound repercussions for the whole timber value chain. Previous experience at national and regional level in Member States has shown that rigid legal provisions on cascading use cannot be implemented in practice and lead to uncontrollable market distortions.

- The new restrictions created by no-go areas for forestry biomass lead to incomprehensible limitations for raw materials which transgress a risk-based approach.

- The different types and qualities of wood and tree parts in a specific forest location constitute an intricate system and the way products originating from any given one are put to use cannot be regulated through European legislation. The trade flows, with their numerous interconnections and possibilities, cannot be regulated and managed at EU or national level. This is an ill-suited regulatory approach for material control and should, therefore, be scrapped from the REDIII draft.



3. Rules: Further decarbonisation of the transport sector

▫ **CO2 standards for cars and vans - amending Regulation 2019/631** (Feedback available at [BI\(21\)7165 \(rev.1\)](#))

Key messages:

- Copa and Cogeca believe that the proposed revised regulation on CO2 standards for cars and vans is a missed opportunity to establish the principle of technology neutrality and recognise the cost-efficient role of certified, sustainable, crop-based and advanced biofuels such as biomethane.

- According to the current Regulation, the Commission must revise the current methodology by 2023. The Commission's proposals can be corrected by introducing elements of a wider Well-to-Wheel approach with a methodology that takes account of the nature of energy for powering vehicles, distinguishes between fossil and biogenic CO2 and accounts for the full life cycle of electricity generation, including production and recycling of batteries.

- Copa and Cogeca request an appropriate accounting mechanism for certified crop-based and advanced biofuels that will incentivise the vehicle industry to further invest in cost-effective and available solutions like higher biofuel blends and biomethane. The methodology must be comprehensive and fair to properly evaluate each alternative. There is no "zero emission" technology, even for electric mobility.

- The ability to count low-GHG emitting alternative fuels towards the CO2 fleet limit values must be granted and this should encompass biofuels because e-fuels will not be available in the necessary quantity any time soon. Nevertheless, this approach would be a decisive investment incentive.

□ **ReFuelEU Aviation Initiative and FuelEU Maritime proposal** (Detailed position paper available at BI(21)6120 (rev.4))

- Crop-based biofuels must not be excluded in the decarbonisation of aviation and maritime sectors.



4. Support Measures: Leaving no one behind

Copa and Cogeca welcome the proposal to establish the Social Climate Fund (SCF) which aims to support measures and investments “in increased energy efficiency of buildings, decarbonisation of heating and cooling of buildings” to “benefit vulnerable households, micro-enterprises or transport users.”

This will be crucial, particularly if the current trend of increasing production costs for farmers (i.e., feed, fertilisers, energy) continues in the long-term, putting sustained pressure on the sector and further eroding its competitiveness.



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Copa and Cogeca are the united voice of farmers and agri-cooperatives in the EU.

Together, they ensure that EU agriculture is sustainable, innovative and competitive, guaranteeing food security to half a billion people throughout Europe. Copa represents over 23 million farmers and their families whilst Cogeca represents the interests of 22,000 agricultural cooperatives. They have 66 member organisations from the EU member states. Together, they are one of the biggest and most active lobbying organisations in Brussels.