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Position Paper

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EDA Position Paper on LULUCF and the ESR-proposals for the EU 2030 climate framework

The European Dairy Association (EDA) urges the consideration of a land-use sector pillar in the ESR-proposal and for future LULUCF reforms.

The European Dairy Industry welcomes the Paris Agreement and its long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels. As a healthy and sustainable diet is key in helping achieve this target as well as the SDG 2030 goals, we are committed to help fight global climate change. The EU's implementation of the Paris Agreement must be done in a balanced way that allows for increased production of highly nutritious dairy products in Europe, where the carbon footprint per produced unit of milk is among the lowest in the world.

The EDA regrets that the Commission did not propose a land use sector pillar in its ESR-proposal and we therefore call upon the co-legislators to fundamentally amend the proposal in this respect. If a land use sector pillar is not adopted, we strongly recommend that the national targets in the ESR-proposal are set in a balanced and cost-efficient manner, and that the flexibility mechanisms proposed in the ESR-proposal are enhanced, in order to ensure a sustainable intensification of European food production.

The European dairy industry plays a key role in providing solutions against the global climate change, whilst also ensuring that food and nutritional security for the present and future generations is assured. A task not taken lightly in a world of growing populations and increasingly scarce natural resources.

Dairy foods provide excellent nutritional value. Recent studies¹ have shown that milk has the highest "Nutrient Density to Climate Impact", which means that it is the beverage that brings the highest nutritional value to human diets for comparatively small greenhouse gas emissions. Furthermore, dairy products score highly in terms of cultural acceptability, accessibility, economic fairness and affordability, which are all important factors of a sustainable diet, as defined by the FAO².

¹ Smedman et al. Food & Nutrition Research 2010, 54: 5170

² Food and Agriculture Organisation of the United Nations, Sustainable Diets & Biodiversity, <http://www.fao.org/docrep/016/i3004e/i3004e.pdf>



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Dairy contributes to carbon sequestration and biodiversity through grazing. Cattle have a unique ability to convert grass to milk and make use of land areas that are otherwise not suitable for food crops. Furthermore, the manure from dairy cows is in many areas of Europe used for the production of biogas, therefore also contributing to the decarbonisation of the economy.

Agriculture has a lower mitigation potential than other sectors and has multiple objectives it seeks to achieve, this was something the 2014 Council Conclusions acknowledged³. Agriculture involves natural biological processes that are impossible to replace or control completely. Additionally, agriculture, along with forestry, are the only sectors that absorb emissions from the atmosphere, which means that agriculture should follow a different path to attaining low-carbon production cycles compared to other sectors. In this regard, it must be recognized that agriculture in the EU has already decreased its GHG emissions by 24 pct. since 1990⁴.

Globally, as well as within Europe, it is essential to consider the production efficiency, i.e. emissions per produced unit. Conditions in certain regions of the world are more favourable for dairy production than in others, which can assist with the reduction of greenhouse gas emissions.

In the EU, emissions per produced unit associated with dairy production are among the lowest in the world. These European countries and regions with already low emissions per produced unit will have difficulties to achieve additional reductions without incurring very high costs. In many regions, farmers have worked for several decades towards achieving a more efficient production chain and lower emissions per unit. The ESR and LULUCF proposals could therefore mean that the most climate efficient dairy farms in Europe would have the largest burdens placed on them. This would have detrimental effects on global climate targets, as additional “carbon leakage” would be created where production would be relocated to geographical areas where there are less efficient production systems and higher emissions per produced unit.

Based on this knowledge, the EDA recommends legislators to amend the fundamental structure and principles of the ESR and LULUCF-proposals, and address GHGE from agriculture through a land use sector pillar, with common EU-mitigation measures and one common EU-target. This approach would be the most cost efficient way for Europe to reduce GHGE emitted by agricultural activity. Furthermore, a land use sector pillar would mirror other common EU-policies, for example the CAP, climate policy for energy and the heavy industry sector in the ETS.

If a land use sector pillar is not the preferred option, we at least recommend legislators to ensure that the national targets, put forward in the Commission proposal, are set in a fair and balanced

³ “2.14 the multiple objectives of the agriculture and land use sector, with their lower mitigation potential, should be acknowledged, as well as the need to ensure coherence between the EU's food security and climate change objectives. The European Council invites the Commission to examine the best means of encouraging the sustainable intensification of food production, while optimising the sector's contribution to greenhouse gas mitigation and sequestration, including through afforestation. Policy on how to include Land Use, Land Use Change and Forestry into the 2030 greenhouse gas mitigation framework will be established as soon as technical conditions allow and in any case before 2020.”

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/145397.pdf

⁴ http://ec.europa.eu/clima/news/docs/20160720_lulucf_impact_assessment_4_en.pdf, p. 14.



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manner, that reflects the most cost efficient methods of reducing agricultural GHGE in the non-ETS-sectors. This means also taking into account GHGE-reductions that were achieved in the agricultural sector before 2005 when setting the 2030-targets.

We call upon the European Parliament and the Council to amend the Commission ESR and LULUCF-proposals in the following way:

1. To establish a transparent trading platform for the exchange of AEAs between Member States as a means of mitigating the negative impacts of uneven target setting and to further cost efficiency and equity in the EUs mitigation efforts. In this respect, it should be politically embraced that EU climate targets are to be met by the EU as a whole and hence domestic reductions should be seen as subordinated means in reaching this goal.
2. To increase the amount of ETS-credits (EUAs), which can be transferred from the ETS sector to the non-ETS sectors, among these the agricultural sector, beyond 100 million tonnes.
3. In the margin of the ETS flexibility scheme, to introduce an extra flexibility mechanism for certified climate efficient production.
4. In order to mitigate the indirect negative effects that the flexibility mechanisms could have on the decarbonisation of transport, a country's access to the use of new flexibility mechanisms should be conditioned on the implementation of transport specific mitigation actions – so called cross mitigation measures – such as the establishment of national blending mandates for advanced biofuels.
5. To support the notions behind the Commission's proposal for LULUCF flexibility (RMU allowances), e.g. that countries with larger needs due to their relatively large share of agricultural emissions in non-ETS are attributed more allowances than countries with lower needs and relatively small agricultural sectors. This is in line with the Council's 2014-conclusions, which recognise the limited reduction potential in agriculture. The LULUCF flexibility principle should count against agricultural emissions and should not be used to mitigate emissions from other sectors, such as transport.
6. To enhance the LULUCF flexibility scheme for both the buyers and sellers of RMUs, securing that Member States can use their allocated credits fully for compliance with both the 'no debit rule' and the domestic ESR-reduction target. Hence, RMU allowances that are traded between the Member States should have the same value as AEAs subject to similar cross border trading – e.g. they should be allowed to count towards the national reduction target of the buyer state.



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7. To encourage the implementation of the Paris Agreement's provisions on financing and acknowledge Member States full internal and external economic costs by examining the possibility of establishing an extra flexibility mechanism for Member States that contribute above the EU average per capita to finance climate initiatives in developing countries.
8. In the event of an increased reduction target beyond 40% before 2030, the so called 'step up', Member States maximum access to flexibility allowances (ETS and LULUCF), should be revised and possibilities for international offsets in the Paris Agreement's should be explored.
9. To recognise climate policy as an additional burden, on top of existing environmental regulations, for a sector that is competing on the global market. In this respect, climate policy should be considered in the context of EU trade policy and vice versa.
10. To recognise that there are multiple objectives in agriculture and that the sector's exposure to international trade raises the need for a truly joint EU climate policy for agriculture through the establishment of a separate land use sector pillar, with a common European climate target, outside the ESR as part of the EU's 2050 climate framework. The future low-emissions' economy requires a new climate policy architecture based on cost-effectiveness and support for climate efficient agriculture and food production, as opposed to the proposed 2030 framework, which EDA, in spite of its flexibility mechanisms, believes to be unsustainable.