



LIFE COASE

Workshop on the role of carbon markets in reaching carbon neutrality

17 - 21 June 2023

09:15-11:30 | Session 6: Decarbonising industry and agriculture

Presenter: Benjamin Goerlach (Ecologic Institute)

Title: Options to Expand Emissions Trading to Agriculture in Europe

Abstract: As part of the Fit-for-55 package, the EU reached a decision to expand the instrument of emissions trading to cover emissions from buildings and road transport as of 2027. With this, about 80% of the EU's current greenhouse gas emissions will be under a cap and a carbon price. This raises the question whether emissions trading might also be suited to drive and coordinate emission reductions in the remaining 20% - predominantly emissions from agriculture and land use. This sector comes with unique challenges: while there is abatement potential at all levels of the value chain, including potential to enhance natural sinks and remove carbon, there has been little in the way of concerted climate policies efforts applied to the sector. Instead, the agricultural sector continues to be influenced heavily by subsidies, several of which disincentivize climate action.

The paper takes a closer look what an agricultural ETS in the EU could look like. It summarises the main arguments for and against extending emissions trading to agriculture and provides a structured discussion of key design choices that an emissions trading system for agriculture at EU level will face. In particular: which are the most relevant emission sources from agriculture that a future ETS could cover, and where along the relevant value chain(s) for agricultural inputs / outputs could the compliance obligation be imposed? The different options are compared in terms of the emissions / abatement potential covered, and the feasibility of implementation – in particularly the ability to monitor emissions with reasonable accuracy. Of particular interest are the different options how land-based removals could be linked to or integrated in a future ETS for agriculture, and whether / how such a link could serve as a segue to including removals in the European emissions trading architecture more generally.

Webpage and programme [here](#).



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