REPLIES OF THE EUROPEAN COMMISSION TO THE EUROPEAN COURT OF AUDITORS SPECIAL REPORT: "COMMON AGRICULTURAL POLICY AND CLIMATE: HALF OF EU CLIMATE SPENDING BUT FARM EMISSIONS ARE NOT DECREASING"

EXECUTIVE SUMMARY

Common replies from the Commission for paragraphs I to III:

The Commission stresses that most climate- relevant measures in agriculture have mitigation and adaptation benefits which are most appropriate to be assessed together. Similarly, climate action is composed of mitigation and adaptation impacts, which in the case of agriculture cannot be clearly separated for most climate relevant measures.

IV. Climate tracking was implemented for the 2014-2020 period and it was already the subject of a special report of the ECA.

The Commission reiterates its commitment to the EU approach. The method used by the Commission is sound, it has been prepared in a transparent and coordinated manner; it is based on Rio markers and it was communicated to the European Parliament and the Council.

The Commission also believes that the CAP instruments had a significant impact rather than a limited impact.

V. The Commission notes that the CAP never had the specific goal of reducing livestock emissions. Emissions remained stable, while production increased.

VI. The Commission underlines that the CAP, together with the Farm to Fork Strategy, does not only have the objective to reduce emissions but also seeks to preserve biodiversity, and rural livelihoods, reduce pesticides use and pressure on water quality and provide high quality food. Organic agriculture is one of the means to achieve all these objectives.

On grain legumes, the Commission underlines that replacing crops with high fertilization would not automatically lead to a shift of emissions to other farms. Concerning organic farming, it is not feasible to assess potential impact of emission reductions due to insufficient data available. The Commission further notes that the Farm to Fork Strategy and the Farm Sustainability Tool (FaST) for nutrients will help to reduce emissions linked to fertiliser use. In parallel, the Commission will periodically review the derogations given through the Nitrates Directive.

VII. The afforestation support changed, increasing the maintenance support from 5 to 12 years and this period is harmonized with the payments for income loss compensation. It will make the afforestation measure more interesting for farmers. Concerning agroforestry, the Omnibus regulation made the agroforestry measure more flexible, including the possibility of renewal and regenerating of existing and deteriorated agroforestry areas, contributing to healthy development and also functioning as a carbon sink and mitigating the local microclimate. The allocation of funds (€ 64 million total public expenditure) for agroforestry is already higher than in the previous period and by the end of 2019 more than 2100 hectares of new agroforestry areas had already been established.

VIII. The Commission considers that cross-compliance and greening scheme incentivised farmers to adopt effective climate mitigation measures.

A number of standards for good agricultural and environmental condition (GAEC) under cross-compliance are beneficial for climate mitigation and adaptation (minimum soil cover, land management to limit erosion, maintenance of soil organic matter, retention of designated landscape features) and, as compulsory practices, form a strong baseline for support schemes. Under the greening scheme, the maintenance of permanent grassland as well as the Ecological Focus Area (EFA) requires farmers to maintain areas and features such as grassland, fallow land, trees or hedges which are beneficial for climate mitigation.

IX.

(1). The Commission partially accepts recommendation 1a. It accepts recommendations 1b and 1c.

The Commission has taken action by including higher ambition for climate action into the CAP proposal for period 2023-2027. Conditionality has been enlarged and covers all direct payments, new eco-schemes have been proposed and 30% of the budget foreseen for rural development has been ring-fenced for climate action and environment. Member States will be laying out planned action in national strategic plans that will be assessed by the Commission.

(2). The Commission accepts recommendations 2a and 2b.

The Commission has taken action by including in the conditionality for period 2023-2027 a good agricultural and environmental condition (GAEC) related to a minimum protection of peatlands and wetlands.

(3). The Commission does not accept recommendation 3a and accepts recommendation 3b.

Member States will submit CAP strategic plans which are analysed by Commission services. After adoption of these plans, Member States will report on their implementation in yearly intervals.

INTRODUCTION

01. Emissions from agriculture, as estimated according to IPCC guidelines only refer to the emissions released during the growing stage of agricultural products EU greenhouse gas emissions from agriculture are responsible for only 10% of total EU emissions. The CAP 2013-2020 does not include any lifecycle assessments for agricultural production.

Figure 1: The Commission considers that a figure representing the portion of EU GHG emissions from agriculture would be more appropriate. Such figures are readily available and compiled by the European Environment Agency's Greenhouse Gas data viewer[1].

Figure 2: Agriculture emissions by definition consist of methane and nitrous oxide and are regulated under the Effort Sharing Decision up to 2020, and under the Effort Sharing Regulation as of 2021. Land Use, Land Use Change and Forestry related emissions and removals are regulated under the LULUCF Regulation as of 2021.

04. The Commission notes that emissions after 2010 stabilized, with inter-annual variation below the uncertainty threshold established by the EEA. At the same time, production has increased and emissions per unit of product have decreased.

[1] Available at https://www.eea.europa.eu/data-and-maps/data/data-viewers/greenhouse-gases-viewer/

Figure 3: The Commission considers that emissions from land are separated from the emissions of CH4 and N2O in the current climate legislation (ESR and LULUCF). Calculations of emissions of the two typologies have different characteristics and uncertainty levels.

07. The 2030 Climate and Energy Framework also includes emissions and removals from the land use, land use change and forestry (LULUCF) sector. This is done via the LULUCF Regulation, which applies since the 1st of January 2021.

08. Member States can design the optimal climate policy mix to achieve their national target across the Effort Sharing sectors; these strategies are described in the National Energy and Climate Plans[2]. Agriculture should contribute to these mitigation efforts like all other sectors. The Effort Sharing targets were calculated in line with cost-efficient considerations; if a Member State were to decide that the Agricultural sector would not contribute to the achievement of its Effort Sharing target, the contribution from the other sectors would likely be more expensive.

13. The Commission considers that most tracked measures provide benefits for more than one area of interest and that any conclusion drawn with regards to the overall impact of the relevant measures should acknowledge this.

OBSERVATIONS

25. The Commission points out that no Member States are reporting methane emissions at the highest level of detail. As also mentioned in the EU Methane Strategy, the Commission will support the improvement of the assessment and mitigation of methane emissions. The Commission notes that while livestock emissions stabilized in the last years, at the same time production increased. The Commission acknowledges the fact that livestock enteric fermentation emissions are not decreasing, though the necessary contextualization, including on the uncertainties in the assessment of methane emissions and the level of detail used by Member States when reporting, as well as the increase in productivity would better explain the situation in EU.

26. The Commission considers that greenhouse gas inventory of Member States do not always detect effects of implementation of mitigation practices by farmers and which are supported by the CAP. This depends also on the setup of the monitoring systems in the Member States and the emission factors and activity data used for the estimation.

27. The objective of promotion programmes is to support the competitiveness of EU agricultural sector, including the livestock sector, by raising awareness of the merits of EU agrifood products and their high production standards. The Commission underlines that the CAP has no remit to change or limit consumer's choices.

Through their rural development programmes, Member States may offer agri-environment-climate measures supporting more extensive livestock production via extensive grazing. Most Member States use this possibility.

In addition, animal production and consumption of animal products should be considered separately, as the EU is one of the biggest exporters and importers of food and feed. The feed conversion ratio improved steadily in the past decades, i.e. one unit of animal product needs less feed input. Also within

[2]https://ec.europa.eu/energy/topics/energy-strategy/national-energy-climate-plans_en#final-necps

the diets of the EU livestock, inedible co/by-products from the food and biofuel industry have been increasingly incorporated.

Figure 11: The Commission considers that data on consumption should not only be related with the quantity of product but also with the quality of nutrients provided.

28. The Commission proposal for the future CAP recognises the challenge of food waste as reflected in one of its specific objectives (proposed Article 6.1(i)) to "*improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare*".

30. The Commission considers that new feed additives, both natural and synthetic, are very promising in reducing emissions from enteric fermentation, but with an additional cost for farmers. Several applications for feed additives aiming to reduce GHG emissions have been received by the Commission and are currently assessed by the EFSA. Subject to a positive EFSA assessment, the Commission will authorize these additives in the EU. Finally, as action within the Farm to Fork Strategy, the Commission intends to facilitate the authorization of such feed additives.

32. Though dependence on direct payments is indeed high in the case of 'specialist cattle', it is still substantially lower in the other animal related sectors (i.e. 'specialist milk', 'specialist sheep & goat', 'specialist granivores', or 'mixed livestock'). In fact, these other animal related sectors are comparable with, or even below the dependence of 'specialist COP' (i.e. cereals, oilseeds, protein crops).

34. The Commission also takes the view that, when examining the effects of the payments on overall GHG emissions referred to by ECA, it is important to factor in the impact on global emissions (leakage) in order to show a complete picture.

To illustrate, the Jansson et al study referred to in the report (footnote 20) indeed shows that removing coupled support for ruminants would reduce total agricultural GHG emissions in the EU by 0.5%. However, it is estimated that about three quarters of this reduction could be cancelled out by emissions leakage (i.e. increased emissions outside the EU) due to an increase in imports from countries with relatively higher emissions per unit of product (emission intensities), like Brazil. This emissions leakage would significantly limit the positive impact on global warming that could come from removing coupled support in the EU.

Besides, when assessing the impact of various CAP supports on GHG, the Commission underlines that all aspects, factors and possible consequences need to be enumerated. As an example, many of the direct payments paid to animal holders might have some beneficial impacts on the environment (e.g. basic payment after pasture/grassland, greening payment, coupled support for the production of protein crops).

36. While the Commission does not question the scientific article cited, it recalls that there is no officially agreed EU or International methodology to provide lifecycle assessments that are comparable. The Commission will address the environmental footprint of imported products by implementing the Green Deal and Farm to Fork objectives. In relation to the environmental footprint of imported products, the Green deal objective is to work with international partners to improve global environmental standards. Specifically, Farm to Fork envisages that "Appropriate EU policies, including trade policy will be used to support and be part of the EU's ecological transition. The EU will seek to ensure that there is an ambitious sustainability chapter in all EU bilateral trade agreements. It will ensure full implementation and enforcement of the trade and sustainable development provisions in all trade agreements."

The Commission notes furthermore that the majority of soy used in Europe originates from countries without deforestation risk.

38. The Commission is confident that the Farm to Fork Strategy and the Sustainability Tool for nutrients will help to reduce emissions linked to fertiliser use. In parallel, the Commission will periodically review the derogations given through the Nitrates Directive.

40. The Commission recalls that the CAP did not have the explicit goal to reduce livestock production and that emissions from manure are related to both quantity and management.

43. Derogations to the Nitrates Directive can be granted if they do not prejudice the achievement of the objectives of the Directive. They must be justified on the basis of objective criteria, for example:

— long growing seasons,

— crops with high nitrogen uptake,

— high net precipitation in the vulnerable zone,

— soils with exceptionally high denitrification capacity.

44. The Commission considers that taking into consideration only the effects on GHG reduction, mitigation strategies can be applied to the spreading of manure in the field (manure application).

In soil systems with manure spreading, the use of variable rate distribution techniques (precision agriculture) reduces emissions.

Innovation in these areas has been supported by the European Innovation Partnership for agricultural productivity and sustainability (EIP-AGRI). Operational groups of EIP-AGRI, which help bridge the gap between research and practice, have been involved in numerous initiatives in relation to climate mitigation at farm level.

45. There are various farming practices supported under agri-environment and climate measures (M10) in the Rural Development Programmes of the current programming period aiming at improved management of inputs and more precisely on reduction of mineral fertilizers. In many RDPs, such support comes in combination with support for reduction of the use of pesticides, i.e. as integrated production schemes.

- (2^{nd} indent): The Commission is currently working on a systematic literature review of meta-analysis on the environmental ad climate impacts of farming practices, including nitrification inhibitors. The review provides robust scientific evidence with low risk of bias, and has improved the knowledge on this practice. The findings suggest that nitrification inhibitors have a significant potential to reduce nitrous oxide air emissions and nitrate leaching to water, but at the same time may increase ammonia emissions significantly. In addition, some studies report ecotoxicity of nitrification inhibitors. In conclusion, the impacts of nitrification inhibitors, particularly in the long-term, should be evaluated with care before the farming practice can be recommended for large-scale application.

Table 2: The Commission considers that the classification proposed in Table 2 simplifies a complex reality. Strategies to reduce fertiliser use are also site-dependent, in particular their effect on the final GHG reduction. Uptake also depends on the farming systems which are much diversified in the EU.

46. The Commission underlines that the CAP, together with the Farm to Fork Strategy, does not only have the objective to reduce emissions but also seeks to preserve biodiversity and rural livelihoods,

reduce pesticides use and pressure on water quality and provide high quality food. Organic agriculture is one of the means to achieve all these objectives.

2nd indent: The Commission considers that the described scenario holds only under the assumption that consumption of agricultural products remains unchanged.

Figure 17: Please see the Commission reply to paragraph 46.

51. Please see Commission reply to paragraph 45.

60. The Commission recalls that under 'standard' eligibility rules for agricultural areas, peatland is eligible for direct payments as long as an agricultural activity is performed on it and a number of environment and climate related requirements are respected (cross-compliance). Well- framed derogations from such rules allow maintaining the direct payments even without any agricultural activity. For instance, in the case that previously cultivated peatland is restored with the support of set-aside commitments under rural development programs, such land continues being eligible for direct payments without the performance of an agricultural activity on it.

Common Commission reply to paragraphs 63, 64 and 65:

The requirement of maintenance of the ratio of permanent grassland is a "safety net" managed at national or regional level aiming at preventing massive conversion to arable land. This is a basic compulsory requirement applying to all permanent grassland throughout the EU and it can be complemented if need be by voluntary agri-environmental and climate measures prohibiting various types of interventions on these areas. This instrument does not prohibit ploughing and reseeding as long as the area remains a permanent grassland. Ploughing and reseeding are however not necessarily common practices and in many areas there is no agronomical benefit to carry out these practices.

The requirement of maintenance of the ratio of permanent grassland has been strengthened after 2015 with a margin of conversion of 5% instead of the previous 10%. When this margin is reached, the Member State must trigger the reconversion of the area converted in excess.

Common Commission reply to paragraphs 66, 67 and 68:

The requirement to protect the "environmentally sensitive permanent grassland" (ESPG) prevents grassland from both conversion to other uses and ploughing within Natura 2000 areas. While the main objective is the protection of biodiversity, its impact on carbon sequestration is significate and this instrument complements the "safety net" mechanism of the maintenance of the ratio of permanent grassland at national/regional level. The non-deterioration provision under article 6(2) of the Habitats Directive and article 4(4) of the Birds Directive already cover, inter alia, activities which result in habitat deterioration such as ploughing and conversion of grassland habitats protected under the birds and the habitats directive in Natura 2000 sites. However, this does not mean that in reality no ploughing and conversion of grassland effectively occurs where it is protected. ESPG therefore reinforces the protection through the CAP; it enables the possibility to protect all grasslands in Natura 2000 sites and outside, ensuring a common and high level of protection throughout the EU beyond the requirements of the Directives.

69. The Omnibus regulation made the agroforestry measure more flexible which now may cover the establishment, regeneration or renovation of agroforestry systems. As such, the Commission expects an improved uptake of the measure.

70. Monitoring carbon removals is challenging due to specific features such as non-permanence of soil carbon and uncertainty of measurements. To address these challenges, the Commission is working on a carbon farming initiative and a framework to certify carbon removals. These initiatives aim to harmonise the quantification of carbon removals as a basis to reward land-based climate action in an effective way.

Land management practices to (maintain and) improve soil health in arable land (humus-building management measures) can increase soil carbon content and foster carbon sequestration. Such practices can be supported under the agri-environment climate measure and many Member States have activated such support in their Rural Development Programmes.

72. A number of standards for good agricultural and environmental condition (GAEC) are beneficial for climate mitigation and adaptation. In particular, GAEC 4 requires minimum soil cover, GAEC 5 requires minimum land management to limit erosion, GAEC 6 requires the maintenance of soil organic matter and GAEC 7 requires the retention of designated landscape features.

73. The Ecological Focus Area (EFA) component of the greening scheme aims at safeguarding and improving biodiversity on farm. The possibility to consider catch crops as EFA, which was introduced by co-legislators during the 2013 CAP reform, did not aim at boosting the use of these crops but was deemed to help meeting the biodiversity objective. Following the early review of that scheme by the Commission, a ban on the use of pesticides was introduced in the legislation to better help meeting the biodiversity objective.

74. The Omnibus regulation made the agroforestry measure more flexible which now may cover the establishment, regeneration or renovation of agroforestry systems. As such, the Commission expects an improved uptake of the measure in the future.

75. The Ricardo Study mentions a range of 2.2-7.3t of carbon uptake per hectare which the Commission considers an important assumption due to the high variability of values possible (5t/hectare of potential range = over 300% difference), and it stresses that the value presented by the ECA only represents the upper range.

77. Climate tracking was implemented for the 2014-2020 period and it was the subject of a special report of the ECA.

In its replies the Commission recalls that the EU has a climate target for the whole economy and is not singling out specific sectors.

Climate targets concerning emission reductions are decided by the co-legislators and no such target has been decided on for the 2013-2020 CAP.

Common Commission reply to paragraphs 83, 84 and 85:

The greening scheme was introduced in 2015 to newly foresee that a significate share of direct payments was devoted to enhancing the environmental performance of the CAP. This was done through requiring farmers to follow environmental practices covering the main agricultural production systems. Among these practices, the maintenance of permanent grassland aims at reducing the balance of greenhouse gas emissions by the livestock sector, in particular by promoting the sequestration of carbon by grassland. The requirement to maintain a certain level of features and areas such as hedges, trees in EFA, etc. also contributes to carbon sequestration. The maintenance of permanent grassland the maintenance of unproductive areas and features will continue being part of the CAP in the enhanced conditionality.

As regards the level of practices, greening does not aim at changing practices for all farmers but only for those who do not meet the required ambition. For farmers already meeting the required level of

ambition, greening allows that their environmental and climate status do not deteriorate, e.g. following an intensification of their production.

86. The EAFRD for 2014-2020 offers a flexible toolbox (including support for agri-environment-climate measures, forest-environment and climate commitments, afforestation and agroforestry, Natura 2000 and Water Framework Directive Payments, organic farming and investments) which Member States can implement in line with their specific climate change mitigation needs. This is furthermore underlined by the definition of Priorities and Focus Areas, which was more detailed than for the period 2007-2013.

In addition to the 3.2% aimed primarily at reducing greenhouse gas emissions or promoting carbon sequestration, the contribution of measures attributed to the environmental objectives under Priority 4 (like biodiversity, as indicated by the ECA) is also relevant. The budget attribution to this Priority 4 is 45,2% of the total EAFRD for this period.

This covers many of those agri-environment and climate measures, support for investments and for knowledge transfer outlined in the replies above. While being programmed under Priority 4 to address ecosystems, they make a significant contribution to emission reduction and carbon sequestration.

87. The evaluation, of the impact of the CAP measures on climate change will be presented in a form of a staff working document and published before summer. It relies on the evidence gathered in the evaluation support study and additional sources. In the next CAP, the annual reporting by Member States will provide a significant amount of relevant data, such as detailed information on the interventions targeting climate change (e.g. number of hectares under these commitments), the number of afforested hectares, the share of agricultural land under supported commitments to improve climate adaptation and to reduce emissions, the share of farms investing for climate, the renewable energy capacity installed. In addition, based on the information reported by Member States, the Commission will report the supported hectares by farming practise. Eventually, the evaluation will provide the assessment of the impact of CAP measures on climate.

88. The annual assessment of impacts of climate mitigation is not foreseen in (e.g. in each Annual Implementation Report of the Rural Development Programmes).

Only the enhanced Annual Implementation Report of 2019 (covering the year 2018) contained evaluation questions per Focus Area and evaluation questions related to Union level objectives, including climate change mitigation. Those evaluation questions will be further elaborated in the ex post evaluation of the RDPs of the 2014-2020 period.

Furthermore, the Commission, via the Evaluation Helpdesk, is working with Member States to share best practices and improve the quality of their assessment of the net-contribution of rural development measures to GHG emissions reduction.

CONCLUSIONS AND RECOMMENDATIONS

91. The Commission notes that climate tracking was implemented for the 2014-2020 period and that it was the subject of a special report of the ECA. The Commission refers to its replies to special report No 31/2016[3].

With regards to overestimation and greening of the climate contribution of the CAP in the referred report the Commission, inter alia, took note of the ECA's simulations using different methodologies

[3] https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=39853.

and general principles agreed by some international aid organisations, but reiterated its commitment to the EU approach. The method used by the Commission is sound, it has been prepared in a transparent and coordinated manner; it is based on Rio markers and it was communicated to the European Parliament and the Council.

Recommendation 1 – Take action so that the CAP reduces emissions from agriculture

(a) The Commission partially accepts the recommendation.

Currently, there are no national specific mitigation targets for the agricultural sector (non-CO2 GHG emissions from livestock, fertiliser) under EU law; this sector is covered together with other sectors (buildings, transport, waste) by national GHG emission reduction targets under the Effort Sharing Regulation, for the period 2021-2030. In line with the increased ambition of an at least 55% GHG emissions reduction for the whole EU economy, the accompanying Impact Assessment examines several options how to increase the national targets under the Effort Sharing Regulation.

Member States have already commitments for CO2 net removals under the LULUCF Regulation. The recent Climate Law agreement includes a statement by the Commission that a growing sink (i.e. removals by LULUCF) is needed to achieve climate neutrality by 2050. The Commission Communication "Stepping up Europe's 2030 climate ambition - Investing in a climate-neutral future for the benefit of our people" (COM/2020/562 final) estimates that it is possible to increase EU carbon removal to levels above 300 million tons CO2eq. by 2030. The Commission will make proposals to revise the LULUCF Regulation, under the Fit for 55 package, in line with this ambition. Moreover, as set out in the Inception Impact Assessment, the related Impact Assessment work on the revision of the LULUCF Regulation will examine the option that the non-CO2 emissions from agriculture as well as the CO2 emissions and removals from land use are combined under the LULUCF Regulation, as of 2031, an exercise that would entail the establishment of national sectoral targets for the land sector including all related GHG emissions and removals.

(b) The Commission accepts the recommendation.

(c) The Commission accepts the recommendation.

Recommendation 2 – Take steps to reduce emissions from cultivated drained organic soils

(a) The Commission accepts the recommendation.

(b) The Commission accepts the recommendation.

In its proposal for the CAP Strategic Plan Regulation, the Commission foresees to protect peatland and wetland in the framework of the future conditionality (GAEC 2). On this strong basis, Member States will be able to devote a significant part of the future CAP budget to rewetting/restoration of drained organic soils through the eco-schemes and a range of rural development interventions. The Commission will carefully consider this aspect when assessing the future CAP Plans.

In addition, through the carbon farming initiative, the Commission will promote carbon farming as a business model that creates a new source of income for the actors of the bioeconomy, based on the climate benefits they provide (for more details, see Commission's reply to recommendation 3b). The study "Technical Guidance Handbook – setting up and implementing result-based carbon farming mechanisms in the EU"[4], carried out over the period 2018-2020, reviewed design options to develop

[4] Available at https://europa.eu/!WR87pg.

carbon farming payments in five promising areas, including peatland restoration and rewetting. The study will help private actors and public authorities start up an increasing number of carbon farming initiatives that will deliver a significant contribution in the fight against climate change.

95. The Commission notes that climate tracking was implemented for the 2014-2020 period and that it was already the subject of a special report of the ECA. The Commission refers to its replies made in special report No 31/2016[5].

With regards to overestimation and greening of the climate contribution of the CAP in the referred report the Commission, inter alia:

- did not share the view that the greening of direct payments is largely based on the previous GAECs. The requirements for ecological focus area and crop diversification are new and the protection of permanent pasture has been strongly reinforced with for instance the full protection of environmentally sensitive permanent grassland and a reduced margin of possibility to plough up permanent grassland.
- believed also that the greening of direct payments has a significant impact rather than a limited impact. The impact fairly reflects the climate-relatedness of the three farming practices. While indeed the greening requirements do not affect all farmers, the available information also shows that 72 % of the total agricultural area is concerned, which is even more relevant with regard to climate action.

Please see also Commission reply to paragraphs 86 to 88.

Recommendation 3 – Report regularly on the CAP's contribution to climate mitigation

(a) The Commission does not accept the recommendation of an annual assessment of effects. The yearly result indicators foreseen for the future Cap Strategic Plans will provide information on Member States progress in the implementation of the interventions beneficial for climate. A meaningful assessment of the effects of these measures on net greenhouse gas emissions requires data over multiple years, including information on the various external factors impacting GHG emissions (the CAP not being the single factor driving GHG emissions)[6]. Such assessments will be addressed through evaluations, i.e. not on a yearly basis.

(b) The Commission accepts the recommendation.

In the climate framework, agricultural emissions are covered by the Effort Sharing Regulation (ESR) together with transport, building, and waste. The ESR imposes reduction targets for each Member State, which enacts appropriate national policies in order to achieve them. In case these targets are missed, penalties apply. Under the Fit for 55 Package, the Commission will propose new legislative proposals that will strengthen further the GHG emission reduction in all sectors, including agriculture, in order to reach in 2030 an overall reduction of at least 55% as compared to 1990.

The proposal for the future CAP, the Farm to Fork Strategy and the Green Deal do foresee positive incentives to reward farmers for long-term carbon removals. In particular, through the carbon farming

[5] https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=39853.

[6] For further reference, see chapter 4 (method) of the published evaluation staff working document on the impact of the Common Agricultural Policy on climate change and greenhouse gas emissions available at https://europa.eu/!bn68Kvm

initiative, the Commission will promote carbon farming as a business model that creates a new source of income for the actors of the bio economy, based on the climate benefits they provide. The Commission is also developing a regulatory framework for certifying carbon removals based on robust and transparent carbon accounting. The Commission will carry out a study to assess the polluter pays principle in relation to agriculture greenhouse gas emissions.