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Consultation on the Green Paper on a 2030 framework for climate and energy policies

The Danish Agriculture & Food Council welcomes the consultation launched by the Commission on the Green Paper "A 2030 framework for climate and energy policies" (COM(2013)169 final). The Danish Agriculture & Food Council (DAFC) has a number of general remarks which we find relevant to raise in this respect.

It is positive that the Commission has now initiated the debate on the climate and energy policy up to 2030. It is important to the DAFC to ensure a level playing field in the EU, and a long-term climate and energy policy is essential for competitiveness, long-term planning and for addressing the climate challenge in a cost-effective manner.

The long-term climate and energy policies of the EU must be seen in relation to the issue of global competitiveness of the European member states and its businesses. Ensuring the global competitiveness of European agricultural and manufacturing products remains the foremost current challenge for Europe and the European Union. It is therefore absolutely necessary that the climate and energy policies within the EU recognize the fact that the EU and the European industry operate in a global world.

The DAFC can generally support long-term targets for greenhouse gas reductions by 2050. It will, however, be a major challenge if one region assumes bigger responsibilities and considerably more ambitious climate targets than the rest of the world. This will be a challenge for European competitiveness, but it could also result in lesser greenhouse gas emission reductions, since a large number of EU countries account for a comparatively more climate- and environmentally friendly production. Carbon leakage due to rising costs in the EU could therefore lead to growing global GHG emissions.

As long as a majority of the world's emissions are not included in a global climate agreement, the EU should therefore be cautious about unilaterally setting too ambitious reduction targets for the region. This is also a major concern in terms of agriculture and forestry within the climate and energy policy. Due to an increase in the world's population, food supply will have to grow

The Danish Agriculture & Food Council is a trade association representing agriculture, the food and agro industries. With annual exports in excess of DKK 120 billion and with 141.000 employees, we represent one of Denmark's most important business sectors.

Through innovation and promotion of the industry's contribution to society, we work to ensure a strong position for our members in Denmark as well as in international markets.

significantly within the coming years. In order to increase food production (meet the growing demand for food) without negating the climate challenge, it is imperative that food production is increased with as little simultaneous emission increase as possible. This calls for a renewed focus on *sustainable intensification* of the agricultural sector, but it also severely limits the option of setting specific climate targets for agriculture and forestry without equivalent sector targets in all major emerging economies.

The DAFC are happy to see the Commission's work on developing a gradually more global (interlinked) Emission Trading System. The EU should indeed aim at moving towards a more global system, as a global ETS will provide uniform terms and carbon price among different countries and economic sectors, and thus ensure that emission reductions are implemented where they are most economically advantageous. As a guiding principle, it is therefore preferable that objectives are as global as possible, while targets at the EU level at the same time is preferable to national targets.

The DAFC finds it important to stress that the climate and energy policy shall be aimed at regulating climate and energy objectives. The primary objective should not be to drive innovation and research, or to participate in leading the social policy. The question of whether objectives must be defined so that they take economic development into account should be considered according to this premise.

If the EU decides to set binding targets for 2030, it is imperative that due account of the large post-1990 reduction efforts already completed by a number of countries is taken. This is also important, if there is a decision to set binding targets at sector levels.

The DAFC sees a clear connection between the Green Paper and the structural changes in the ETS that the Commission has suggested taking action upon. In order to maintain a predictable and functioning ETS, it can be considered increasing the percentage removal of quotas per year in the period after 2020. This would also help alleviating the current challenge with a very low carbon price. However, taking structural action must be done in parallel with a revision of the carbon leakage regulations. The current regulations effectively punish companies with a larger percentage of export to third countries than their European competitors. This is not appropriate as the political goal indeed should be to increase the level of exports to countries outside the European Union.

When the EU's climate and energy policy is being reviewed, it must be ensured that the regulation is linked to other EU regulation, such as the common agricultural policy, in order to avoid double regulation. It should be recognized that independent high ambitions for renewable energy and energy efficiency will help to reduce the demand for CO2 allowances, and specific targets could therefore add to lowering the price of allowances.

It should be stressed in the EU framework for 2030 that energy policy is essential to kick-starting the bioeconomy and thus a low carbon society. Biorefining of biomass for biofuels could create the critical mass that is necessary for the industry to start the production of price competitive bioplastic, biochemistry, bioprotein etc. based on carbon from biomass. The framework for 2030 should therefore guarantee that energy policy is incorporated in a broader context and seen as stepping stones to better resource utilization, bio-economy and thus the fossil-free society. And that a market pull for bio-based materials is created.

Finally, the DAFC would like to stress that the EU's climate and energy policy should be supported by the EU's research and innovation programs, ie. Horizon 2020, with the aim of making the climate

and energy initiatives a fundamental element contributing to the strengthening of the EU's long-term global competitiveness.

Sincerely,

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