



Twelve problems with the European Commission's proposal for a Carbon Removal Certification Framework
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# problems with the European Commission's proposal for a Carbon Removal Certification Framework

- 1. **Mitigation deterrence:** Although the framework's goal is to scale up carbon removals to counterbalance "hard-to-abate" emissions, the proposal fails to set conditions on removals in relation to emissions reductions.
- **2. Conflicts of interest:** The proposal delegates central elements of the legislation to an EC-selected closed expert group with outsized corporate influence on the outcome of this legislation.
- **3. Greenwashing:** The proposal puts no limits on how carbon removal certificates can be used, opening the door for corporate abuse and greenwashing.
- **4. Permanence:** The CRCF's definition of carbon removals includes practices that temporarily store carbon, undermining the framework's integrity.
- **5. Conflating different concepts:** The proposal's definition of carbon removals includes emissions reductions, confounding two very different measures in climate science.
- **6. Liability:** The proposal fails to clarify who is liable for reversal of carbon removals.
- **7. Adverse social impacts:** The proposal completely ignores the social dimension of carbon offsets.
- **8. Ecosystem restoration:** Final EC proposal eliminates the requirement for ecosystem restoration and environmental sustainability criteria of land-based carbon sequestration.
- **9. Questionable quantification:** Poor baselines are proposed to quantify land-based carbon sequestration.
- **10. Additionality:** Proposed definition deviates from fundamental criteria required even in compliance carbon markets undermining climate ambition and could prevent an ambitious Common Agriculture Policy (CAP) reform with higher environmental benchmarks.
- **11. Low bar for VCMs:** The voluntary nature of the proposal not only fails to regulate the "wild west" of voluntary carbon markets but may also further legitimize an unregulated industry.
- **12. Global implications:** The framework is likely to become a blueprint for international carbon offset markets, with implications for climate justice in the Global South.

#### INTRODUCTION

In November 2022, the European Commission (EC) delivered <u>its proposal</u> for a European Union (EU) certification framework for carbon removals (CRCF). A flawed CRCF could endanger EU climate action and put the transformation of the agriculture sector on the wrong track. The process of finalising the legislation is as critical to the outcome as the substance of the proposal. Currently, the EC expects a closed and unelected expert group to resolve fundamental issues of the legislation through drafting methodologies that will be certified under the framework. As such, critical elements of the proposal, such as addressing permanence, reversals and measurement of carbon removals, are left for these experts to negotiate independently of the legal text.

The proposal leaves the door wide open for carbon offsets. The German Environment Agency concluded in its analysis that "the proposed framework could undermine the environmental integrity of EU climate policies." Offsets legitimized by the CRCF could enshrine into EU law a massive loophole for companies to greenwash their greenhouse gas (GHG) emissions and divert climate action away from urgently needed emissions reductions. They could also undermine the systemic transformations needed in the agriculture sector. IATP has assessed the corporate interests invested in the CRCF and published lessons for the agriculture sector from carbon farming schemes in the United States and elsewhere. This policy brief outlines 12 major concerns regarding the EC's CRCF proposal, including overarching problems with the proposal and issues related to the agriculture and land sector. The brief does not address technological removals.

## TWELVE PROBLEMS WITH THE EUROPEAN COMMISSION'S PROPOSAL FOR A CARBON REMOVAL CERTIFICATION FRAMEWORK

1. Mitigation deterrence: Although the framework's goal is to scale up carbon removals to counterbalance "hard-to-abate" emissions, the proposal fails to set conditions on removals in relation to emissions reductions.

The CRCF must clarify the limited role of removals, so that the framework will not be abused as a greenwashing tool and prevent mitigation deterrence. To genuinely counterbalance "residual emissions," removals should not be allowed to offset emissions reductions. The <u>European Climate Law</u> limits the use of removals to -225 MtCO2eq from the EU's land sector to be applied towards the EU's 2030 net 55% reduction goal. By May 2024, the EC must set its 2040 targets for emissions reductions and flexibilities for removals. The Climate Law currently does not clarify the extent of decarbonization that must occur for intervals after 2030. According to a 2021 EC communication, the EU has indicated that emissions need to be reduced economy-wide between 85-95% by 2050,² but has not actually translated the concept of residual emissions into a legally binding target so far. There is therefore no real definition of so-called "hard-to-abate" or "residual" emissions levels in EU climate policy.

The CRCF proposal states that it is aimed to support "extra effort, beyond reducing [GHG emissions] as much as possible" without clarifying when sectors have reached an adequate level of emissions reductions. It places no conditions on individual entities to reach "hard-to-abate emissions," let alone furnish credible plans to achieve adequate emissions reductions before removal certificates can be applied towards their climate goals. Even some well-known private voluntary standards are setting quantitative criteria for emissions reductions before corporations can deploy offset credits. The EU must do far better than private initiatives and not allow offsets for corporate greenwashing and mitigation deterrence. It must set a high bar for climate ambition that delinks the limited role of removals from the urgent need for drastic emissions reductions.

Academics call for "processes to standardize and compare expectations about residual emissions across countries... to avoid projections of excessive residuals and correspondent unsustainable or unfeasible carbon-removal levels and to send clearer signals about the temporality of fossil fuel use." See Buck et al. (2022) Why residual emissions matter right now. Nature Climate Change, https://doi.org/10.1038/s41558-022-01592-2

# 2. Conflicts of interest: The proposal delegates central elements of the legislation to an EC-selected closed expert group with outsized corporate influence on the outcome of this legislation.

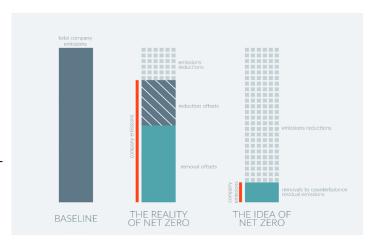
The EC selected an <u>expert group</u> to resolve fundamental parts of the legislation, in particular, to develop the methodologies to establish carbon removal certificates. The expert group includes representation from powerful corporate lobby groups from the oil and gas industry (e.g., IOGP Europe), chemical industry (e.g., Cefic), agribusiness (e.g., FoodDrink Europe, COGECA) and forest industry (e.g., CEPF, Cepi, CEI-Bois), to name a few. Even some organisations labelled as non-governmental organisations are known to be groups with significant business and commercial interests. This means that corporate interests have, by far, the largest representation in the expert group. Majority voting in the absence of consensus amongst the expert group will also grant them undue power.

The outsized influence of these groups poses significant potential for conflicts of interest for the outcome of the CRCF. IATP's <u>analysis of published corporate positions</u> on the CRCF shows that all of them expect the CRCF to generate offsets either from within their supply chains (known as insetting) or from other sectors. They have a privileged position to substantially influence decisions regarding the scope of the framework and the implementation of criteria for the types of projects and products certified. They are also asked to address reversibility of carbon removals, to determine which entities should be held liable for carbon loss and how baselines for and monitoring progress in achieving carbon removals are set. Yet, these corporate lobbies could potentially be the main financial beneficiaries of the rules they help set. Final recommendations from the expert group could be enacted through "delegated acts" (Article 8), iii meaning that the trilogue process with the European Parliament and the Council will be entirely circumvented. This process undermines democratic decision-making on a controversial file that is riddled with conflicts of interest.

#### 3. Greenwashing: The proposal puts no limits on how carbon removal certificates can be used, opening the door for corporate abuse and greenwashing.

The proposal outlines that the removal certificates can be used for different purposes, including as the basis to distribute public finance, as credits traded on voluntary carbon markets (VCMs) and as the foundation for voluntary labels for consumer products. Representatives of the EC emphasise that the CRCF is supposed to be a monitoring, reporting and verification (MRV) tool without taking a stance on the proposed form of financing. However, MRV, as it is being proposed in the CRCF, is an essential element for issuing carbon credits and steers the CRCF towards an offsetting scheme.

If the CRCF fails to exclude the offsetting of removals with emissions reductions, the certificates could be misused for greenwashing. For example, a company could buy removal credits to claim climate neutrality without reducing emissions. The proposal must ban carbon offset credits from the scope of the CRCF to prevent such greenwashing and clarify the financing mechanism before MRV methodologies can be developed. Crucially, strict rules for making voluntary environmental claims must be set through the upcoming Green Claims Initiative before the CRCF comes into force. The Green Claims initiative must prohibit claims of climate neutrality by companies and on a product level.



ii IOGP Europe = International Association of Oil & Gas Producers Europe, Cefic = European Chemical Industry Council, COGECA = European agricoperatives, CEPF = Conféderation Européenne des Propriétaires Forestiers, Cepi = Confederation of European Paper Industries, CEI-Bois = European Confederation of Woodworking Industries; See European Commission, "Expert Group on Carbon Removals (E03861)", February 10, 2023, https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=3861 (accessed March 14, 2023)

ii Delegated acts are non-legislative but legally binding acts decreed by the EC that amend or supplement an agreed-on legislation.

### 4. Permanence: The CRCF's definition of carbon removals includes practices that temporarily store carbon, undermining the framework's integrity.

Permanence — ensuring that carbon removed from the atmosphere does not re-enter the atmosphere — fails to be a key criterion of the CRCF definition of carbon removals. This is especially problematic if removals are intended to balance out emissions. The EC proposal distinguishes three categories of removals: permanent storage, carbon farming and carbon storage products (Article 2). Yet, permanence applies only to the "permanent storage" category. In the proposal, all types of removals are considered equivalent and interchangeable with all GHG emissions. However, in reality, different greenhouse gases interact differently in biogenic and atmospheric carbon pools with varied results for climate mitigation. The CRCF therefore risks miscalculating actual removals by lumping different processes together under a common umbrella of "removals" to reach climate neutrality on paper only.



In fact, the proposal requires operators of carbon removal projects to "demonstrate that carbon removal activity aims at ensuring the long-term storage of carbon"<sup>4</sup> (Article 6(1)). However, an aim to ensure long-term storage neither means that permanence is achieved nor that it is de facto ensured. Temporary carbon storage through land-based sequestration, especially in agricultural soils (and in products), is vulnerable to easy reversal by human action; <u>natural disturbances</u><sup>5</sup> like droughts or floods; and by rising temperatures from climate change itself.<sup>6</sup> The reversibility of land-based sequestration due to natural disasters is making landbased carbon credits highly questionable, even in compliance markets. For example, the buffer pools — a reserve of carbon credits that is supposed to serve as a sort of guarantee for reversals of sold credits — designated to ensure the integrity of land-based carbon offsets for California's compliance carbon market have been largely depleted by widespread wildfires in the state.7 According to carbon scheme analyst Carbon Plan, these fires likely remove any guarantee of "environmental integrity of the forest offset program for 200 years."8

Even though carbon storage in soils is particularly problematic in this context, the EC is contemplating including soil carbon in the framework's scope. Academics have voiced <u>significant concerns</u> about the deployment of soil carbon sequestration as a climate mitigation instrument.<sup>9</sup> Recent

research has also concluded that private soil carbon certification schemes "are unlikely to deliver the emission offset attributed to them and that their benefit for climate change mitigation is uncertain." A recent study on soil carbon in the CRCF by Ecologic and the Öko-Institut concluded that "the challenges" posed by climate-friendly soil management mean that associated removals should not be used to offset other emissions."

Temporary carbon storage cannot compensate for fossil fuel emissions that remain in the atmosphere for centuries. This is also true for nitrous oxide emissions, including from nitrogen synthetic fertilizers, which last in the atmosphere for up to 114 years and are about 300 times more potent than carbon dioxide.<sup>12</sup> In addition, using carbon removals to offset short-lived, but very potent methane emissions from agriculture would be counterproductive. Reducing methane emissions from all sectors is critical to slow down the rate of warming, as well as steer away from temperature overshoot and dangerously close climate tipping points.<sup>13</sup> Carbon farming offsets could disincentivise significant reduction of agricultural methane for



Including accurate quantification of mitigation, additionality, non-permanence and sustainability.

unsustainable livestock production by offering offsets within an agribusiness supply chain, known as "insetting." Agribusiness lobbies are particularly keen on insetting. A new report by the New Climate Institute and Carbon Market Watch evaluates the transparency and integrity of companies' climate targets. It concludes that inset-

Insetting "is simply a weaker variation of an already non-credible offsetting approach."

ting "is simply a weaker variation of an already non-credible offsetting approach." Corporate polluters must not be allowed to treat ecosystems as a sponge for their emissions through carbon offsets.

The EC's proposal aims to address temporary storage by stating that carbon "shall be considered released to the atmosphere at the end of the monitoring period" (Article 6(3)) for carbon farming and carbon storage in products. This is related to the concept of temporary cred-

iting because credits would need to expire after the monitoring period (for example, 10-20 years). Companies would then have to acquire the same quantity of credits for a new monitoring period. The EC's proposal does not explain how such a temporary crediting system would be implemented. Such a system would require the creation of temporary units. It would also require substantial resources to ensure that these credits are retired or renewed at the end of the project period. Temporary crediting failed as an instrument in the Kyoto Protocol's Clean Development Mechanism as those credits were unattractive to buyers due to the liability for reversals and the need to replenish these credits. Temporary carbon offsets should be excluded from the CRCF given the difficulties in credibly enforcing such a mechanism.

In short, land-based carbon sequestration is not a permanent removal and therefore not a reliable climate mitigation strategy. Instead of relying on offsets through such temporary carbon storage, carbon farming practices should be utilized to help restore ecosystems and the land sink to build climate resilience with mitigation co-benefits. European soils have lost a large quantity of carbon in the past decades.<sup>17</sup> Any land-based activities that sequester some of this carbon in the land sink at best recover some of this lost carbon, rather than create new and additional removals.<sup>18</sup> The EC's proposal on carbon farming, therefore, is an ill-equipped instrument to compensate for new and ongoing emissions.

#### 5. Conflating different concepts: The proposal's definition of carbon removals includes emissions reductions, confounding two very different measures in climate science.

The definition of carbon removals in the EC proposal not only includes carbon removals, but also "reduction of carbon release from a biogenic carbon pool to the atmosphere" (Article 2(1a)). Emissions reductions and carbon removals are fundamentally different processes. Emissions reductions must never be certified as removals. Carbon removals take amounts of carbon out of the atmosphere permanently, whereas emissions reductions prevent new emissions from entering the atmosphere. Conflating emissions reductions with removals in a "Removals Certification Framework" upends the EU climate policy architecture where reductions are clearly distinct from other processes (with exception of accounting for net additions and losses of carbon in the LULUCF regulation). It also serves to undermine an understanding of climate science as emissions reductions and removals play very distinct roles in climate mitigation.

The EC uses the need for rewetting peatlands as an important reason to include emissions reductions in this definition. However, peatland restoration can be incentivised without quantifying and crediting emissions reductions as a carbon removal. An <u>activity-based certification scheme</u> that results in a holistic shift in managing peatlands can be incentivised in a different manner than the EC's proposal.

#### 6. Liability: the proposal fails to clarify who is liable for reversal of carbon removals.

The proposal states that project operators" "shall be subject to appropriate liability mechanisms" (Article 6(2b)).<sup>20</sup> It does not define what these mechanisms are but leaves this to the European Commission to decide in delegated acts. Yet, this definition is so critical that it must be clarified at the outset.

v The "operator" is defined as "any legal or physical person who operates or controls a carbon removal activity, or to whom decisive economic power over the technical functioning of the activity has been delegated" in the EC's proposal. The definition leaves a wide interpretation and raises concerns about power relations between land owners, land managers and project developers, see European Commission, "Proposal for a regulation of the European Parliament

Given the high reversibility of land-based sequestration, especially of soil carbon, liability is a significant risk for land managers. In ongoing discussions about liability in the farm sector, neither large agribusiness corporations nor the farmers want to be liable for reversals or carbon loss and the ensuing economic and reputational loss. Liability must be clarified in the legal text of the CRCF and not be left to the expert group process and delegated acts.

The EC's impact assessment for the CRCF suggests that farmers would be liable for the issued certificates during the monitoring period at the very least. The length of the monitoring periods is left to be decided through the expert group process. One hundred years, as proposed in the Canadian carbon farming legislation, is currently the longest period for liability for carbon farming projects. As <a href="National Farmers Union Canada representative Darrin Qualmann">National Farmers Union Canada representative Darrin Qualmann</a> states, this period is both too short and too long. For the climate, 100 years for a removal is too short given that fossil fuel emissions stay in the atmosphere for centuries. For farmers, it is too long for liability given changing ownership and management of land, the need to modify practices in relation to climate, social and economic conditions. The EC is looking at shorter project periods of 5-20 years, however, the EC proposes to address the monitoring period and liability in the delegated acts after expert group discussions rather than with the European Parliament and the Council.

#### 7. Adverse social impacts: The proposal completely ignores the social dimension of carbon offsets.

The proposal is meant to provide a new green business model for land managers. Yet, carbon farming credits sold on carbon markets come with <u>several risks for farmers</u>. They have proved <u>financially volatile</u> with price fluctuations and <u>low prices</u>. The possibility of creating carbon credits off agricultural lands increases the

value of those lands, leading to financial speculation and land grabbing. Communities in the <u>United Kingdom</u><sup>21</sup> and <u>Australia</u><sup>22</sup> are already experiencing negative impacts due to high land prices as investors have swept in to buy land-based credits following the establishment of national carbon credit schemes. The commodification of land and potential effect on land prices also has an impact on the land accessibility for farmers. This especially affects young, new and small farmers that already lack access to land in the EU. The risk of liability (discussed in point 6 above) is a dimension of financial risk that has social impacts. The EC proposal does not address these impacts at all, let alone present language that guards against such impacts.



## 8. Ecosystem restoration: Final EC proposal eliminates the requirement for ecosystem restoration and environmental sustainability criteria of land-based carbon sequestration.

Positive environmental impacts must be a prerequisite for the implementation of the CRCF, not simply voluntary co-benefits. A previous draft of the proposal required carbon farming removals to "ensure a positive contribution" to "the protection and restoration of biodiversity and ecosystems." However, the final proposal eliminates this requirement. The language has been watered down to state that "removal activities shall have a neutral impact on or generate co-benefits for … sustainability objectives" (Article 7(1)).<sup>23</sup> In the proposal, positive impacts are considered to be voluntary co-benefits. The European Commission will decide what counts as a neutral impact. At a minimum, the "Do Not Significant Harm Principle" must be applied to all removal practices. Thirteen environmental, food and farming groups have demanded in a letter to the EC that the framework for land-based sequestration and activities (including Bioenergy with carbon capture and storage, known as BECCS) must ensure that holistic ecosystem restoration is the primary goal and resulting carbon sequestration is the "co-benefit." Practices that improve ecosystem integrity and biodiversity contribute to the resilience of carbon sequestration in land sinks and must be central to the CRCF.

#### 9. Questionable quantification: Poor baselines are proposed to quantify land-based carbon sequestration.

For a credible climate outcome, a MRV system requires sound, reliable and accurate baselines with which to compare sequestered carbon. The proposal defines baselines as "standard carbon removal performance of comparable activities in similar social, economic, environmental and technological circumstances" (Article 4(5)).<sup>24</sup> In the EC proposal, the baseline is proposed as a basis for determining additionality. There are two problems with this.

First, the idea of a "standardized" baseline proposed by the EC will be unhelpful in gaining an accurate picture of the amount of carbon sequestered in a project and whether conditions on the ground are improving. A standardized baseline is presumably to be derived from obtaining average figures for carbon sequestration of similar activities. But current soil monitoring systems are "fragmented, incomplete and in general not harmonized across the EU."<sup>25</sup> The baseline may have little to do with the actual starting level of carbon in the actual plot of land that is to be credited, leading to a wide scope of inaccuracy. Carbon credits could therefore be issued for carbon that may or may not be there. Generic regional baselines are not a credible foundation for reasonable estimates of soil carbon sequestration. This is even more problematic if the certificates are then used to offset emissions with the premise that one tonne of carbon removed from the atmosphere can neutralize one tonne of carbon emitted.

Second, accepting additionality based on a baseline defined as "standard carbon removal performance of comparable activities" (Article5(2)) completely does away with the common notion of additionality (addressed in point 9 on additionality). Representatives of the EC emphasize that practices that go beyond the market standard would be considered additional and could be certified. This is presumably intended to support land managers that are already doing the right thing (Recital 7). However, this approach to baselines prioritizes ease of issuing credits rather than scientific robustness. In addition, it far from guarantees that land managers with good practices would benefit from this scheme (see point 7 on adverse social impacts).

Agricultural soils are complex and diverse. Soil carbon developments vary significantly from one part of a field to another, let alone over an area in the same region.<sup>26</sup> Because carbon farming activities only lead to small changes in soil carbon over time, there can be a high variance of carbon stock measurements.<sup>27</sup> In addition, an emerging body of literature questions whether significant additional soil carbon sequestration is possible.<sup>28</sup> An analysis of soil carbon testing also found that typical testing practices for soil carbon credits overestimate the level of sequestration by sampling too close to the surface.<sup>29</sup>



By Mack Male via Flickr

Importantly, credible measurement of soil organic carbon cannot be simple and robust at the same time. Quantifying sequestration for carbon farming "is often possible only with high uncertainties and/ or at high cost."30 The EC envisions to use remote sensing technologies, artificial intelligence and digital databases, etc. to set baselines and quantify soil carbon removal (Recital 7). Currently, a robust estimation of soil carbon requires soil sampling. The above-mentioned technologies must still be combined with actual physical samples for a measure of accuracy.31 Yet, robust soil sampling is seen as economically unfavourable in carbon offset markets.

# 10. Additionality: Proposed definition deviates from fundamental criteria required even in compliance carbon markets undermining climate ambition and could prevent an ambitious Common Agriculture Policy (CAP) reform with higher environmental benchmarks.

Additionality is an essential criterion in compliance carbon markets to demonstrate that additional climate mitigation has been achieved by the additional finance generated through the scheme. Additional mitigation would not have taken place without the scheme's existence. It is also a common feature of the voluntary carbon market.

The EC proposal sets out two additionality criteria (Article 5(1)), one related to practices and one related to finance: (a) the certified practices must go beyond legal requirements and (b) can only take place because of the additional finance that comes from certification. However, as stated in point 9 above, the proposal states that additionality would also be considered compliant if the baseline is based on "standard carbon removal performance of comparable activities" (Article 4(5) & 5(2)).<sup>32</sup> For a detailed critique of the proposed baseline criteria, see point 9. Only "where duly justified,"<sup>33</sup> baselines would be set according to individual performance of an activity, and not according to standardized baselines (Article 4(6)). What is considered "duly justified" is not clarified. The EC's concept of additionality is a major break with the common internationally agreed-on understanding of additionality in carbon offset markets. By linking additionality to a highly inadequate baseline of "comparable activities," the Commission not only deviates from commonly agreed definitions of additionality, but also severely jeopardizes climate ambition.

On the other hand, if additionality is determined by legal and financial criteria outlined in Article 5(1), the requirements could pit the CAP against the CRCF. If a practice would be required by law and/or CAP funds would support it, the activity might not be certified as removal in the CRCF, as it would no longer be additional. Thus, CRCF additionality requirements could in effect disincentivise allocating more funds for ambitious

environmental and climate benchmarks in the next CAP for fear that doing so could nullify or prevent certified carbon farming credits.

The next CAP reform process has a similar timeline to the finalisation of the CRCF and the setting of certification standards (2024-2027). With a nearly 400 billion euro budget, the CAP remains the central lever to drive an agricultural transition in the EU. It has the instruments to ensure agriculture practices contribute to a holistic set of By linking additionality to a highly inadequate baseline of "comparable activities," the Commission not only deviates from commonly agreed definitions of additionality, but also severely jeopardizes climate ambition.

environmental and social outcomes, including enhancing biodiversity, climate resilience and positive climate impacts. In contrast, voluntary initiatives proposed by the CRCF proposal that narrowly focus on carbon do not. Higher environmental and climate benchmarks are essential in the next CAP reform to ensure that EU agriculture cuts its emissions and contributes to the EU climate and biodiversity targets. Yet, the proposed CRCF could not only imperil the CAP to be that decisive instrument, but also, due to its weak baseline criteria, set a low bar for reforming agriculture. In summary, the different criteria for assessing additionality in the proposal raise significant concerns about the ambition and integrity of the framework.

## 11. Low bar for VCMs: The voluntary nature of the proposal not only fails to regulate the "wild west" of voluntary carbon markets but may also further legitimize an unregulated industry.

The proposal emphasizes the voluntary nature of the CRCF, leaving it up to carbon credit certifiers and other corporate stakeholders involved in carbon removal projects to decide whether they comply with the EU certification framework — at least for now. The voluntary nature of the proposal fails to meet the CRCF's declared purpose to "level... the playing field of voluntary carbon markets" or to raise the standards of unregulated carbon markets. Instead, the CRCF could add an EU-certified stamp for questionable carbon removals, providing more certificates to an unaccountable market.

#### 12. Global implications: The framework is likely to become a blueprint for international carbon offset markets, with implications for climate justice in the Global South.

The EC proposal states that the CRCF should take into account "international certification methodologies and standards" (Article 8(3c))<sup>35</sup> and "relevant developments concerning... United Nations Framework Convention on Climate Change [UNFCCC] and the Paris Agreement" (Article 18(1))<sup>36</sup> for the development of the methodologies and revisions of the framework. International market mechanisms that include non-state actors, including corporations, are being negotiated at the UNFCCC 6.4 of the Paris Agreement. The UNFCCC Supervisory Body for Article 6.4 had been tasked to submit recommendations for carbon removals at last year's COP27 that could be used in the global carbon market mechanism being negotiated under this article. The Body's hastily drafted recommendations were rejected by both governments and civil society. They were harshly criticized by civil society organisations for recommendations that approve a wide variety of problematic projects and disregard human rights and the rights of Indigenous people.<sup>37</sup> The Body was thus tasked to try again to produce a Decision on removals for COP28.<sup>38</sup>

There are clear links and synergies between the Article 6.4 international guidelines on removals and the final outcome of the CRCF and its approved carbon removal methodologies. The EU can be a leader in setting a high bar for guidelines on what constitutes a removal. Instead, the current EC proposal falls far short of that and threatens to reinforce a global race to the bottom. The EU and UNFCCC processes on removals will have reciprocal effects and could catalyse the legitimisation and expansion of a vast and problematic international removal offset market. This would not only ensure temperature overshoot, but also lead to the exacerbation of well-documented climate justice and human rights problems associated with landgrabs in the Global South at the cost of local communities.



#### WAY FORWARD

Global emissions must peak by 2025 and be reduced by 43% by 2030 to keep 1.5°C alive. The existential and immediate task at hand is deep emissions cuts. The CRCF, as it stands, is a blank slate for polluters with the potential to be an EU-certified race to the bottom for corporations seeking carbon credits. The global carbon budget has no room for offsets to compensate for emissions reductions. Farmers stand to lose, rather than gain, from questionable carbon markets. These put the burden of risk on farmers while climate change continues to accelerate, leading to severe land use impacts. The failure to have a clear roadmap for deep emissions reductions, an explicit articulation of when "hard-to-abate" emissions are reached in each sector and the limited role of removals in averting climate chaos brings us closer to temperature overshoot. The EU Parliament, the Council and the European Commission have a responsibility to not allow that to happen. Environmental, climate, food and farming organizations have highlighted the critiques laid out in this brief repeatedly.

Another pathway forward is possible. The EU policymakers should focus on scaling up ecosystem restoration and building resilience in the land sector. Together with other CSOs, IATP <u>articulated this way forward</u>.

#### **ENDNOTES**

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