

Wetlands International Europe's voting recommendations for the EU Carbon Removal Certification Framework

In relation to voting in the ENVI committee [2022/0394(COD) - PE745.292v02-00]

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Summary

Wetlands International European Association (WI-EA) welcomes the European Commission's recognition of the essential role of atmospheric carbon removal in achieving climate goals and welcomes the proposal for a Carbon Removal Certification Framework (CRCF). We are hopeful that the proposed framework will streamline the multitude of existing certification schemes, facilitate more straightforward comparisons, and crucially, help to mobilize urgently needed finance for protecting wetlands vast C-pools and unique biodiversity. In short, our recommendations are to:

- (1) **Include Carbon Farming:** Create a sub-framework within the CRCF dedicated to carbon farming, its effective, scalable, and generates many co-benefits beyond climate mitigation.
- (2) **Acknowledge Emission Reductions:** Allocate credits for emission reductions from restored and sustainably managed wetlands. Many carbon farming methods, like paludiculture, offer immediate benefits by protecting existing carbon stores and reducing emissions quickly, advantages not fully recognized under current Carbon Removal Certification Framework (CRCF) rules.
- (3) **Recognize Non-CO₂ Emissions:** Incorporate other potent greenhouse gases like N₂O and methane into the framework to reflect the reality of emissions from degraded wetlands and provide additional incentives to wetland managers for transitioning towards sustainable land-use practices.
- (4) **Integration into Voluntary Carbon Market (VCM):** Allow these credits to be traded in the VCM to mobilize the much-needed financial resources for wetland management.
- (5) **Send a Strong Price Signal:** Establish a minimum credit price to make it financially viable for land managers to transition to carbon farming.
- (6) **Recognize the value of Co-benefits:** Wetland restoration can contribute to climate change adaptation, particularly their role in water retention and flood mitigation.
- (7) Exclude of carbon farming credits from the compliance market;
- (8) Use conservative quantification methods;
- (9) Retention of the additionality criteria

Context

Guided by our commitment to scaling up wetland conservation, restoration, and sustainable management, our recommendations to the initial amendments of the ENVI committee are centered on addressing carbon farming on peatlands and Mediterranean wetlands. While our perspective may be limited to wetlands, it's crucial to highlight their unparalleled role of as the most efficient terrestrial carbon sink. Most wetlands have very carbon rich soils – consisting of decomposing vegetation that has accumulated over millennia - that continue to emit GHG upon conversion and degradation or that continue to sequester GHG (albeit slowly) when restored. To reduce emissions and advance on climate mitigation, the conservation of wetlands is key to keep carbon stored, while the restoration of altered wetlands is crucial for reducing carbon emissions and may also result in emission removals in the long-term.

Due to their storage capacity, wetlands have a high potential to contribute to CO₂ targets of the European Commission. A meta-analysis of peer reviewed scientific articles¹ shows that, despite the relatively small coverage of wetlands in Europe (around 8% EU and the UK land areas), their carbon stock capacity is enormous. If all major European wetland habitats assessed in this study are maintained healthy in the European Union, the EU wetland related carbon stock capacity of their overall area is estimated to be between 12 - 31 Gt CO₂ eq, corresponding to an overall value ranging between 3 and 8 years of EU GHG emissions. Moreover, **the carbon sequestration potential of healthy EU Wetlands per year is calculated to range between 24,352 and 143,719 kt CO₂eq yr⁻¹, equivalent to “neutralising” between 1 and 4 % of the total GHG emissions registered in the EU27 and the UK.**

Among various wetland categories, peatlands stand out as hotspots for carbon storage due to high carbon densities per area². However, 50% of peatlands in the EU are degraded resulting in estimated emission equivalents of ~220 Mt CO₂ eq yr⁻¹ or 5% of total EU emissions³. **Peatlands drained for agricultural purposes contributes 25% of the total GHG emissions in the EU agricultural sector⁴.** Depending on crop and peatland type, carbon farming on rewetted peatlands (aka **paludiculture**) **has the potential to result in net GHG reductions of ~20t CO₂eq ha⁻¹ yr⁻¹** on deeply drained and fertilized peatlands. The following paragraphs discuss recommendations for ENVI amendments on use and scope, as well as the Qu.A.L.ITY criteria (Art.4-8 in more detail).

¹Abdul Malak, D., Marin, A.I., Trombetti, M., & San Roman, S. (2021). Carbon pools and sequestration potential of wetlands in the European Union. European Topic Centre on Urban, Land and Soil Systems. ISBN 978-3-200-07433-0. Retrieved from <https://www.eionet.europa.eu/etcs/etc-di/products/etc-uls-report-10-2021-carbon-pools-and-sequestration-potential-of-wetlands-in-the-european-union>

² Temmink, R. J. M., Lamers, L. P. M., Angelini, C., Bouma, T. J., Fritz, C., van de Koppel, J., Lexmond, R., Rietkerk, M., Silliman, B. R., Joosten, H., & van der Heide, T. (2022). Recovering wetland biogeomorphic feedbacks to restore the world's biotic carbon hotspots. *Science*, 376(6593). <https://doi.org/10.1126/science.abn1479>

³ Tanneberger, F., Appulo, L., Ewert, S., Lakner, S., Ó Brolcháin, N., Peters, J., & Wichtmann, W. (2021). The Power of Nature-Based Solutions: How Peatlands Can Help Us to Achieve Key EU Sustainability Objectives. *Advanced Sustainable Systems*, 5(1), 1–10. <https://doi.org/10.1002/adssu.202000146>

⁴ Greifswald Mire Centre, Wetlands International, & National University of Ireland (NUI) Galway. (2020). *Peatlands in the EU. Common agricultural policy (CAP) after 2020* (pp. 4–7). Greifswald Mire Centre Wetlands International National University of Ireland (NUI) Galway.

Amendments on Scope

Inclusion of carbon farming

We recognize and value the general consensus among political groups to include carbon farming activities within the scope of the proposed framework. Moreover, we would like to stress the benefits of continued inclusion of carbon farming in the CRCF. First, carbon farming can play a crucial role in safeguarding the soil carbon pool if applied on a wide scale, establishing them as a fundamental component in climate change mitigation. Also, they hold an advantage over technical, geoengineering solutions in the sense that they are more developed, cost-effective, and scalable, thus allowing for a quicker and more widespread development. Furthermore, carbon farming can provide additional benefits such as enhancing biodiversity and improve water quantity and quality, thereby having the potential to contribute to other EU frameworks such as the Habitat Directive, the Biodiversity Strategy and restoration targets of the Nature Restoration Law, as well as objectives of the Water Directive and overall ambitions of the EU Climate Law. However, we acknowledge the disparity in permanence between carbon farming and technical/industrial offsets. Carbon farming solutions are at risk of future land-use change that could lead to re-emission of stored Carbon. That is why we advocate for a distinct sub-framework for carbon farming activities under the umbrella of the CRCF.

Inclusion of emission reductions

While we appreciate that carbon farming is included within the general scope, it is concerning to note the lack of majority support for the inclusion of emission reductions. By omitting emission reductions from the CRCF's scope, the opportunity to encourage transitions to sustainable practices that bolster both future carbon sequestration and biodiversity is overlooked. The point here is that the immediate benefit of many carbon farming techniques – such as paludiculture - lies predominantly in the safeguarding of existing carbon pools and the swift reduction of emissions when compared to a drained state. Without accounting for these reductions within CRCF rules, wet- and peatland managers face limited incentives compared to farmers on mineral soils, as genuine carbon removal through peat accumulation may take several decades to take effects. Therefore, we urge the ENVI committee to align with the practical reality that wet- and peatland managers typically cannot afford long-term commitments required for permanent removal. Nonetheless, the immediate act of preserving the carbon pool and reducing emissions is a crucial step towards climate mitigation. Simply put, mitigating emissions now reduces the burden of carbon removal in future scenarios. Therefore, **we strongly recommend allowing the certification of emission reductions** achieved through carbon farming. In addition, we urge the inclusion of non-CO₂ emission reductions, notably nitrous oxide (N₂O), and methane. Drained peatlands emit N₂O at high levels, but these emissions become negligible upon rewetting. Also, altered Mediterranean wetlands emit Methane (CH₄) at very high levels, that become negligible upon restoration and sustainable management. Recognizing non-CO₂ reductions will provide additional incentives to peatland managers for transitioning towards carbon farming.

We recognize that emission reductions, while not technically removing carbon from the atmosphere, play a crucial role in preserving existing carbon pools – a mitigation action we deem comparably vital. To ensure the credibility and effectiveness of the framework, it is fundamental to eliminate any potential for greenwashing, especially when private entities offset permanent emissions with temporary offsets. Therefore, to uphold the integrity and trustworthiness of both climate and market actions, we advise differentiating between removal units and reduction units. Moreover, differentiating between removal and reduction units provides clarity allowing for more informed decision-making in the marketplace. Buyers can accurately consider the impact of their investments and align them with their sustainability objectives (e.g. net-zero vs. climate positive). Such explicit separation can help ensuring that claims made by companies align with their actual environmental contributions. Also, the public is better equipped to understand, critique, and support various climate actions. Reduction units could be informed by existing robust standards and methodologies on the voluntary market like MoorFutures or UK Peatland Code.

Inclusion of coastal wetlands

Further, we believe that the CRCF should explicitly **adopt coastal and other Mediterranean inland wetlands into the scope of carbon farming**. These ecosystems complement terrestrial carbon farming in the sense that they offer significant carbon sequestration potential and present opportunity for scalable mitigation.

Amendments on Use

Integration into VCM & strong price signal

The apparent lack of consensus on integrating carbon farming credits – including generated emission reductions - into the voluntary carbon market is worrisome. Carbon farming on wetlands, particularly peatlands has been extensively tested through multiple European pilot projects over the past two decades, yet its widespread adoption remains elusive. Our view is that the main obstacle to broad implementation is financial, stemming from a lack of willingness to pay or ability to provide suitable compensation to peatland managers for preserving the carbon storage capacity of wet- and peatlands. Given the financial challenges hindering widespread implementation, **incorporating emission reductions into the VCM is the most realistic option we can right now imagine** for kick-starting carbon farming on peatlands at a transformative scale. For us, this approach stands out as an effective means to mobilize the required funds and guarantee that wet- and peatland managers receive just compensation for their crucial contributions. Moreover, considering the unparalleled role of peatlands as carbon reservoirs, we emphasize the necessity to incorporate emission reductions, including non-CO₂ emissions, and their integration into the Voluntary Carbon Market (VCM) to up-scale carbon farming on organic soils. In addition, **we strongly urge the Commission to establish a competitive minimum price (>25€ per ton CO₂ eq)** for these credits to make it worthwhile for land managers to transition to carbon farming. Otherwise, the incentives effect of the proposed framework will fall short,

hindering the large-scale land-use changes necessary for protecting the vital carbon pools in our wetlands.

Exclusion from compliance market

We advocate opposing the integration of carbon farming credits into the compliance market. The foremost emphasis of the compliance market should remain on reducing emissions at their source rather than resorting to offset mechanisms. Introducing carbon farming credits could potentially dilute this focus and instead promote a culture of compensation rather than reduction.

Qu.A.L.ITY criteria

Quantification (Art. 4)

In line with the rationale outlined in our discussions on scope and usage, we advocate for a distinct formula tailored to carbon farming which incorporates both emission reductions and non-CO₂ emissions. Furthermore, to ensure the provision of high-quality products, we recommend conservative quantification anchored in the most credible evidence available. In addition, we urge the incorporation of leakage effects into the quantification formula to guarantee actual climate advantages. If a site is restored to its wet state but leads wet- and peatland managers to drain another area for continued profit, the intended positive climate impact is compromised. It's vital to put mechanisms in place to monitor and prevent these situations, ensuring the credibility and effectiveness of carbon farming initiatives.

Additionality (Art 5)

Concerning Article 5 on additionality, we firmly believe that any carbon farming activity seeking certification under this framework should be due to its incentive effect and surpass systemically enforced Union and national statutory requirements. This is to ensure that carbon farming practices provide genuine additional benefits, rather than merely conforming to pre-existing climate legislation. The aim is to guarantee that these practices truly have an incremental positive impact. Nevertheless, it can be challenging to demonstrate additionality at project level. Therefore, we advise the commission to provide clear guidelines to operators for assessing additionality at the local scale. In sum, it's important to strike a balance; the criterion for additionality should be stringent enough to ensure genuine impact, yet flexible enough to encourage widespread adoption of carbon farming among wetland managers.

Sustainability (Art. 7)

Regarding Article 7, we find that the execution of a carbon farming activity should maintain a neutral stance on the sustainability objectives put forth by the Commission. Moreover, co-benefits should not only be encouraged but also, when realized, financially compensated. Carbon farming practices, like paludiculture or sustainable management of Mediterranean

wetlands, can serve a multitude of sustainability goals beyond just preserving carbon storage. Benefits include the protection of water resources in terms of both quantity and quality promoting circular economy, restoring biodiversity and the overall positive impact on climate change mitigation and adaptation. One often underappreciated co-benefit of carbon farming on wetlands is the improvement of water retention capacity, which enhances their natural sponge-like qualities. This ability to capture and slow down water is a valuable climate change adaptation measure, helping to mitigate issues like flooding and draught. Therefore, climate change mitigation and adaptation should be prioritized as a co-benefit within the CRCF framework. In our view these “co-”benefits are actually part of the real benefit of carbon farming. By providing tangible rewards for them, we can stimulate transformative land-use changes on the necessary scale. Furthermore, it's imperative to emphasize that any carbon farming initiative should prioritize ethical and responsible land management. This means that land acquisition, where deemed necessary for project permanence, should be conducted transparently and fairly, with respect for local communities. The project should also consider its global impact, ensuring that land-use change within Europe for carbon farming should not prompt a parallel claim or acquisition of land elsewhere, especially if the primary intent is merely to generate offsets. Ethical considerations and global responsibility should guide the CRCF approach to carbon farming.

