

Opinion of the European Economic and Social Committee on the ‘Proposal for a regulation of the European Parliament and of the Council establishing a Union certification framework for carbon removal’

(COM(2022) 672 *final* – 2022/0394 (COD))

(2023/C 184/15)

Rapporteur: **Stoyan TCHOUKANOV**

Referral	European Parliament, 1.2.2023 European Council, 6.2.2023
Legal basis	Article 192, paragraph 1, of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	9.3.2023
Adopted at plenary	22.3.2023
Plenary session No	577
Outcome of vote (for/against/abstentions)	159/0/2

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission’s proposal for an EU certification framework for carbon removals, recognising the need to scale up carbon removals and promote regenerative practices, while not losing the primary focus on crucial greenhouse gas emission reductions to limit global warming. However, the EESC notes that the proposal leaves too many crucial points to be developed further through delegated acts.

1.2. The EESC recognises that different carbon removal validation and reward schemes currently exist across the Union and that a common certification framework has the potential to give clarity and reliability by establishing overarching EU rules to govern how the climate benefits of carbon removals are measured, validated and verified. The voluntary nature of the framework involves an incentive effect that can provide new revenue channels for those interested in conducting carbon removal activities. The EESC is calling for more clarity on the expected timeline for full implementation, considering the set of bodies and certification units that will need to be created.

1.3. The EESC notes that there may be legitimate questions about the use of carbon removal in the EU’s climate policy, from the potential for reduced or delayed emission reductions due to promises of future carbon removal, to the threat of fraudulent claims and greenwashing based on carbon credit purchases. In order to prevent greenwashing, the EESC calls for the expected carbon storage duration and reversal risks to be clearly reflected in the use of the different carbon removal certificates (which cover ‘permanent storage’, ‘carbon farming’ and ‘carbon storage in long-lasting products’).

1.4. The EESC welcomes the Commission’s aim of giving the public, carbon removal providers and buyers transparency and clarity on the value of certified carbon removal activities. However, it calls for further safeguards around the value and use of certificates. It invites the Commission to provide guidance defining appropriate claims that can be made based on different instances of certified carbon removal and calls for the distinction to be maintained between certificates resulting from permanent carbon storage, carbon farming and carbon storage in products.

1.5. The EESC calls for the future methodologies developed under the framework to clearly outline accountability aspects and uphold transparency. The risk of reversal needs to be continuously monitored and mitigated. Liability as well as the transfer of liability for removed and stored carbon needs to be clearly defined across the spectrum of carbon removal activities.

1.6. The EESC calls on the Commission to ensure that the methodologies are based on scientific evidence and guided by the scientific community. The EESC points out that the system for certification is far too complex and burdensome to promote a major uptake of these practices — these procedures look very time-consuming and technical and may demotivate operators in their activities, given that they are often small-scale businesses with narrow margins even in the best-case scenario.

1.7. The EESC notes that a diverse range of measurements of carbon removals is required to conduct monitoring, reporting and verification (MRV), including the use of remote sensing and satellite imagery. With regard to the required measurements, the EESC stresses that it is essential to keep the costs of carbon removal MRV as low as possible, to ensure broad accessibility of the certification framework.

1.8. The EESC stresses that the potential risks and side effects for major players (farmers, forest industry, and construction and wood industries) associated with the proposal, including those of an environmental or socio-economic nature, need to be carefully assessed and addressed before integrating the certification framework into other policies, such as the common agricultural policy.

1.9. In the EESC's view, the current Common Agricultural Policy (CAP) should not be used to finance carbon farming or carbon removals ⁽¹⁾. While there may be a small role for the CAP in carbon removals, this instrument is designed for the production of food, feed and biomass, which is the primary objective of the agriculture and forestry sector. In this specific context, carbon removals are a by-product, which means that additional financing sources should be made available.

1.10. The EESC feels that the high level of ambiguity from the Commission around financing will act as a strong disincentive for participation for potential partakers. The EESC therefore emphasises that some level of certainty in relation to financing is necessary. Given the opportunities of carbon removals in the future, the EESC recommends developing a roadmap towards a common financial instrument for these measures.

2. General comments

The need to scale up carbon removals to achieve net zero targets

2.1. In accordance with the Paris Agreement, the European Union has committed to reaching net zero greenhouse gas emissions (GHGs) by 2050, and net negative emissions thereafter. According to the latest report by the Intergovernmental Panel on Climate Change (IPCC), focusing solely on emission reductions will not suffice to reach this goal: *'the deployment of carbon dioxide removals to counterbalance hard-to-abate residual emissions is unavoidable if net zero CO₂ or GHG emissions are to be achieved'* ⁽²⁾.

2.2. While carbon removals are no substitute for necessary drastic GHG emission reductions, they will need to complement emission reduction efforts to reach net zero and net negative emissions. Consequently, carbon removals will need to be significantly upscaled globally to control atmospheric concentrations of GHGs and limit global warming. To meet its climate goals, the EU anticipates that it will need to reduce its emissions by 85-95 % compared to 1990, with carbon removals needed to fill the gap. Several hundred million tonnes (Mt) of CO₂ will therefore need to be removed from the atmosphere every year.

2.3. To this end, the EU has so far introduced several initiatives:

- the Climate Law, which sets the EU's objective of achieving climate neutrality by 2050;
- the Land Use, Land Use Change and Forestry (LULUCF) Regulation, whose latest proposal for amendment foresees a net carbon removals target of 310 Mt CO₂ equivalent in 2030, storing carbon in soils, forests and wood products; and
- the Communication on Sustainable Carbon Cycles, which outlines the roadmap to carbon farming contributing to the proposed 2030 target for LULUCF, and industrial solutions removing at least 5 Mt in 2030. The Communication also announced plans to develop the proposal for a regulatory framework for the certification of carbon removals.

⁽¹⁾ OJ C 323, 26.8.2022, p. 95.

⁽²⁾ IPCC WGIII SPM, 2022.

Governing carbon removal projects

2.4. With its proposal establishing a voluntary Union certification framework for carbon removals, the European Commission aims to scale up high-quality and sustainable carbon removals by incentivising funding, fighting greenwashing and building trust, as well as harmonising market conditions.

2.5. The Commission establishes three main categories of carbon removal methods:

- permanent storage. Includes methods such as bioenergy with carbon capture and storage (BECCS) and direct air carbon capture and storage (DACCS). At least 5 Mt of CO₂ should be removed via methods in this category by 2030, reaching levels of up to 200 Mt CO₂ removed by 2050;
- carbon farming covers methods such as afforestation and reforestation, improved forest management, agroforestry, soil carbon sequestration, and peatland restoration. Together with carbon storage products, carbon farming contributes to the proposed LULUCF net removal target of 310 Mt CO₂ equivalent annually, to be reached by 2030, and a 'climate positive' economy in 2050;
- carbon storage products include methods such as the use of wood-based materials in construction, as well as long-lasting carbon capture and utilisation (CCU), and together with carbon farming will help to deliver the above-mentioned proposed LULUCF and climate positivity targets.

2.6. To ensure that only high-quality carbon removals are certified according to the Regulation, the Commission has established certain base criteria:

- carbon removal activities must be measured accurately and deliver unambiguous benefits for the climate (quantification);
- carbon removal activities must go beyond market practices and what is legally required (additionality);
- certificates must clearly account for the duration of carbon storage and distinguish permanent from temporary storage (long-term storage);
- finally, carbon removal activities should benefit other environmental objectives such as biodiversity, or at least must not harm the environment (sustainability).

2.7. To more clearly define the rules applying to each carbon removal method, and to operationalise the quality criteria, the Commission will develop tailored certification methodologies with support from an expert group and lay them down in delegated acts. The EU will first develop methodologies and recognise certification schemes. In a second step, operators may join EU-recognised certification schemes, while third parties will verify activities eligible for certification. Certified carbon removals will be recorded in inter-operable registries.

2.8. There are several synergies between existing and upcoming initiatives in the field relevant to carbon removal. Carbon removals under the proposed regulation could:

- receive public support via the Common Agricultural Policy, State Aid, or the Innovation Fund;
- be included in corporate reporting, to be more closely defined in the Initiative on Substantiating Green Claims or the Corporate Sustainability Reporting Directive;
- make use of synergies with other labels and certifications, such as the certification of organic farming and sustainable biomass;
- be included in supply chain contracts, establishing industrial value chains and synergies with sustainable food systems;
- contribute to the integrity of voluntary carbon markets.

3. Specific comments

Robust certification as a much-needed backbone to rapidly grow carbon removal capacities in Europe

3.1. Establishing overarching EU rules to govern how the climate benefits of carbon removals are measured, validated and verified, can provide crucial support for the development of strong carbon removal capacities in Europe. This includes a wide variety of innovative methods for farmers, foresters, industries and others to capture and store non-fossil CO₂.

3.2. Certification represents a necessary and significant step towards integrating carbon removals into EU climate policies. This includes, for example, the creation of incentives for soil carbon storage for land managers (e.g. via the CAP), rewarding procurements of building materials that store non-fossil carbon (e.g. via building codes), or reporting on climate targets (e.g. via CSRD).

3.3. The EESC therefore fully supports the Certification Framework for Carbon Removals in principle and as a step towards robust certification.

The need to track removed carbon to ensure climate, economic and societal co-benefits

3.4. While it is imperative to deploy carbon removals on a large scale, it is also just as important to keep these efforts in check. The EESC notes that there may be legitimate questions about the use of carbon removal in the EU's climate policy, from the potential for mitigation deterrence, to the threat of fraudulent green claims and greenwashing based on carbon credit purchases.

3.5. Therefore, the EESC believes that the EU needs an effective and robust certification framework to ensure that only high-quality and reliable carbon removal is certified. This will enable the EU to recognise and reward carbon removal without hampering decarbonisation.

3.6. Establishing a quality floor for all certified carbon removals is crucial to provide confidence to the key players that EU-certified carbon removal creates a real climate benefit. Further down the line, it will also have to provide a strong enough signal that the certified carbon removals can be safely integrated into wider EU climate-related policies.

3.7. In this context, carbon removal activities need to show additionality — that a removal would not have occurred without the intervention. This is a strict requirement should the certificates be used for compensation claims, but can potentially be relaxed when there are no claims made (e.g. in the case of direct government payments to farmers to incentivise a shift to regenerative practices). For this reason, carbon removal activities should generate co-benefits in terms of sustainability, rather than only have a 'neutral' impact, as currently envisaged by the Commission.

3.8. The EESC also stresses that the risk of reversal (release of stored CO₂) needs to be continuously monitored and mitigated. Liability, as well as the transfer of liability, for removed and stored carbon needs to be clearly defined and be specific to each type of carbon removal.

Maintaining the distinction between permanent carbon storage, carbon farming and carbon storage in products

3.9. Carbon removal methods vary significantly in terms of how CO₂ is extracted from the atmosphere, where the carbon is stored, and for how long.

3.10. Generally, carbon stored in terrestrial reservoirs and living biomass (short-cycle removal methods) is more vulnerable and exhibits shorter storage durations than carbon stored in geological reservoirs (long-cycle removal methods).

3.11. As a result, the various methods of removing and storing carbon should be counted, managed, and certified in different ways, according to the nature of the carbon storage. The EU already separates the LULUCF pillar from industrial sector emissions. The Sustainable Carbon Cycles communication introduces distinctions between 'fossil', 'biogenic', and 'atmospheric' carbon types, which it proposes be separately labelled, tracked and accounted for within the EU by 2028 at the latest.

3.12. In addition, it should be emphasised that the three families of carbon removal methods (permanent carbon storage, carbon farming and carbon storage in products) play different roles in our path towards net zero emissions, have different climate outcomes, costs, deployment challenges, levels of maturity and public perception. Therefore, they should also be incentivised and governed in different ways, allowing for tailored policies and financial support which meets the needs of each Carbon Dioxide Removal (CDR) method.

3.13. In light of the above, the EESC agrees with the Commission's aim to give the public, carbon removal providers and buyers transparency and clarity on the value of certified carbon removal activities.

3.14. But the EESC urges the Commission to go further and also introduce guidance defining the appropriate claims that can be made based on different instances of certified carbon removal (i.e. permanent storage, carbon farming, carbon storage in products). This will be crucial for fostering the full spectrum of possible cases of carbon removal certification, while ensuring the integrity of the claimed climate benefits and preventing greenwashing.

Ensuring transparency and scientific input in the development of methodologies

3.15. As the Commission is to engage in a separate process, backed by an expert group, to develop methodologies for carbon removal activities as well as set out further details around certificates in delegated acts, the EESC calls for civil society to be involved and consulted.

3.16. The EESC calls on the Commission to ensure that the methodologies that will be developed are based on scientific evidence and guided by the scientific community.

3.17. The EESC notes that a diverse range of measurements of carbon removals is required to conduct monitoring, reporting and verification (MRV), including the use of remote sensing and satellite imagery. With regard to the required measurements, the EESC stresses that it is essential to keep the costs of carbon removal MRV as low as possible, to ensure broad accessibility of the certification framework.

3.18. The EU should consider providing dedicated funding for research, methodology development, and pilot deployment. For small players, support for capacity-building and to cover administrative costs will be crucial to democratise access to the certification framework.

3.19. Finally, the EESC stresses that the potential risks and side effects associated with the proposal for major players (farmers, forest industry, and construction and wood industries), including those of an environmental or socio-economic nature, need to be carefully assessed and addressed before integrating the certification framework into other policies, such as the common agricultural policy.

Brussels, 22 March 2023.

The President
of the European Economic and Social Committee
Christa SCHWENG
