



Euroopa Maaelu Arengu
Põllumajandusfond:
Euroopa investeeringud
maapiirkondadesse

Agreement “Green Denmark” A multi-stakeholder approach

21 November 2024

About DAFC

The DAFC was established in June 2009 as a merger of:

- The Danish Agricultural Council
- The Danish Bacon & Meat Council
- Danish Pig Production
- Danish Agriculture (including the Agricultural Media Service)
- The Danish Dairy Federation (partially)



Danske Slagterier

MEJERIFORENINGEN

Dansk Svineproduktion



LANDBRUGSMEDIERNE





Climate-neutral food industry 2050

In a partnership with Denmark

Our vision

The Danish agri-food cluster has committed to becoming climate-neutral by 2050 with the same or a higher level of production.



National target



The agricultural sector in Denmark has to meet a national and binding goal of reducing greenhouse gas emissions with 55-65% by 2030 compared to emissions in 1990.



The Green Tripartie Negotiations



EU and national Climate reduction targets



The Climate Act
70% target by 2030.



EU's LULUCF Regulation
Emissions and capture from the LULUCF sector (including low-lying soils and forests).



EU's Effort Sharing Regulation
Covers agriculture (without LULUCF), transportation, etc.

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The tax must be designed in a way that supports the industry, ensuring that the competitiveness of the industry is not diminished, and thus, jobs are not relocated out of the country overall.

*Coalition Agreement
2022*

”

No other countries have implemented tax-based regulation of biological emissions.

It's an entirely different matter to discuss taxes on biology as opposed to diesel.

All most impossible to ensure compliance with the government's commitment to develop rather than phase out Danish agriculture.



The burning platform

- A majority in the Danish Parliament is in favor of a climate tax on Agriculture
- The Agriculture and Food cluster must deliver on Climate targets like other sectors
- A massive media pressure on Agriculture and criticism of the Climate and Environmental impact from food production
- Massive cases of oxygen depletion in the fjords and sea around Denmark



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The Tripartite will be one of my toughest negotiation tasks as chairman of DAFC, but also one of the most important. Because it is our best opportunity for influence - with our expertise in one hand and the coalition agreement in the other.

- Søren Søndergaard

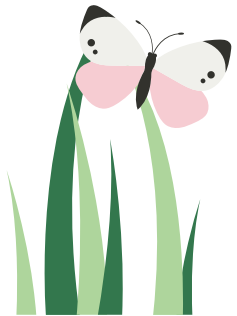
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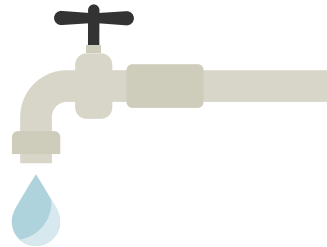
Our motivation for negotiating

- Our best option for a unified political vision for the Danish agriculture and food industry
- The Government has promised a CO₂e-tax on the Danish agricultural sector → We want to make sure it is fair and manageable for the industry
- The alternative to participating in the negotiations is:
 - No influence
 - Tougher regulation
 - An even more fragmented debate about our profession

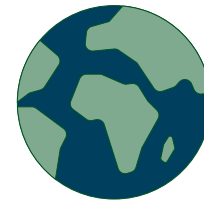
Challenges in the coming years



Nature and
biodiversity



Protection of drinking
water



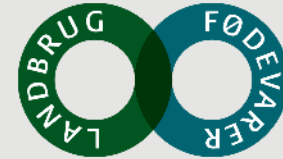
Climate targets
– European and Danish



Water Framework directive

The Green Tripartite Negotiations

- Multi stakeholder approach → Including private organizations, public institutions and ministries
 - The “Strategic Dialogue on the Future of EU Agriculture” aligns with this collaborative strategy
- Many meetings, expert reports and study tours
- Key considerations include:
 - Stay or withdraw from the initiative?
 - Pursue a standalone climate deal or a broader, more comprehensive agreement?
 - Ensure strong understanding, support, and backing from farmers and internal stakeholders.



The Government



Danmarks
Naturfredningsforening



Dansk Industri



The result of the Tripartite





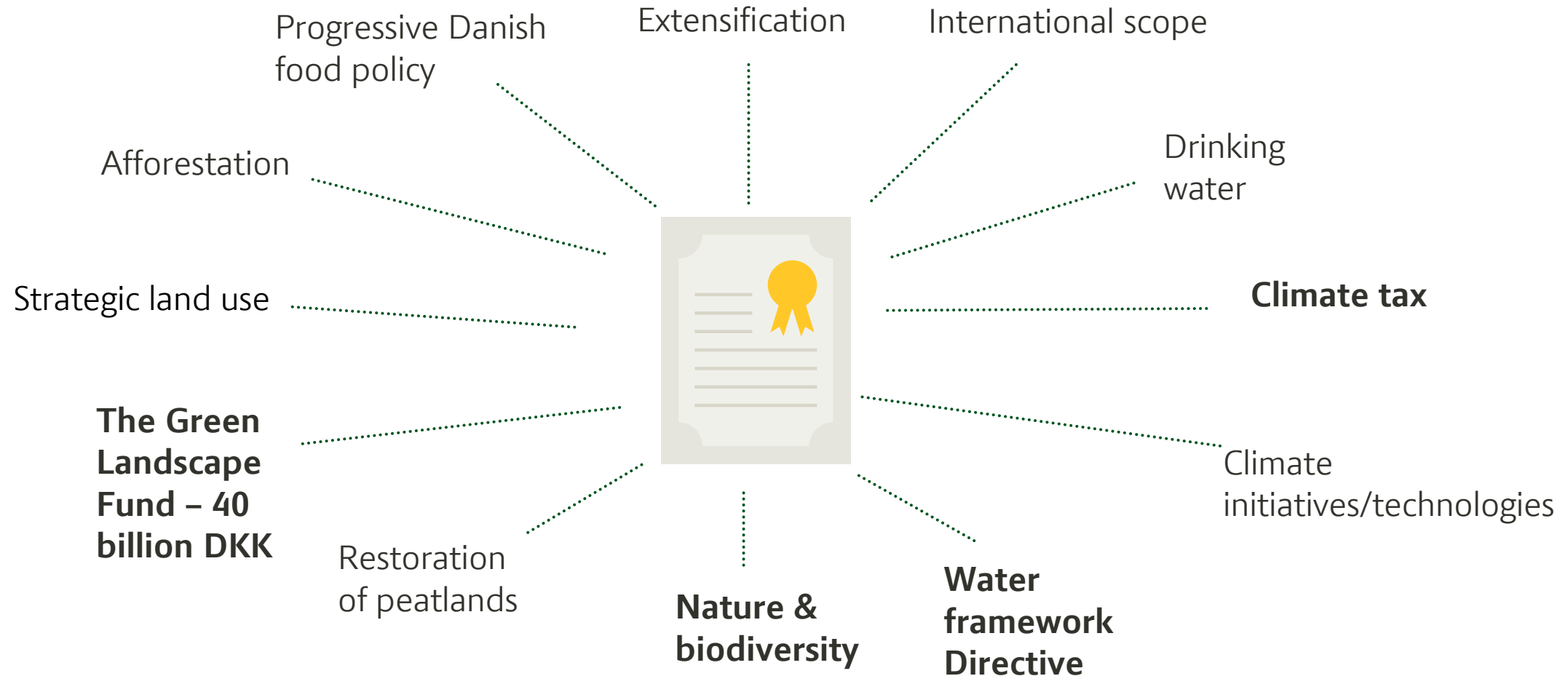
"A historical agreement"

- We are proud that numerous parties with diverse interests have successfully reached a political agreement
- An agreement with many compromises, but with important imprints from L&F

"The idea of a CO₂e-tax is not something that originated with us. But we have succeeded – against all odds – in creating a tax model where the farmer who makes use of approved and economically sustainable climate solutions can completely avoid the tax. That is by far the most important thing"



A political agreement with many elements



Why this is a good deal for us

- **Investments** from the Danish State (5,3 € billion) and Novo Nordisk Fond (1,3 € billion)
- 60 percent base deduction → **Possible for the most climate effective farmer to avoid the carbon tax**
- Land conversion must be carried out locally → Based on **voluntariness** and **full compensation** to landowners for loss of value
- The agreement establishes **stability** and **clarity** in the agriculture and food industry



Targets and ambitions for the use of farmland

Purpose	Area in hectares
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Peat land (70 +70)	140.000
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Creating more forrest	250.000
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Multipurpose approach and better area planning can also deliver on:

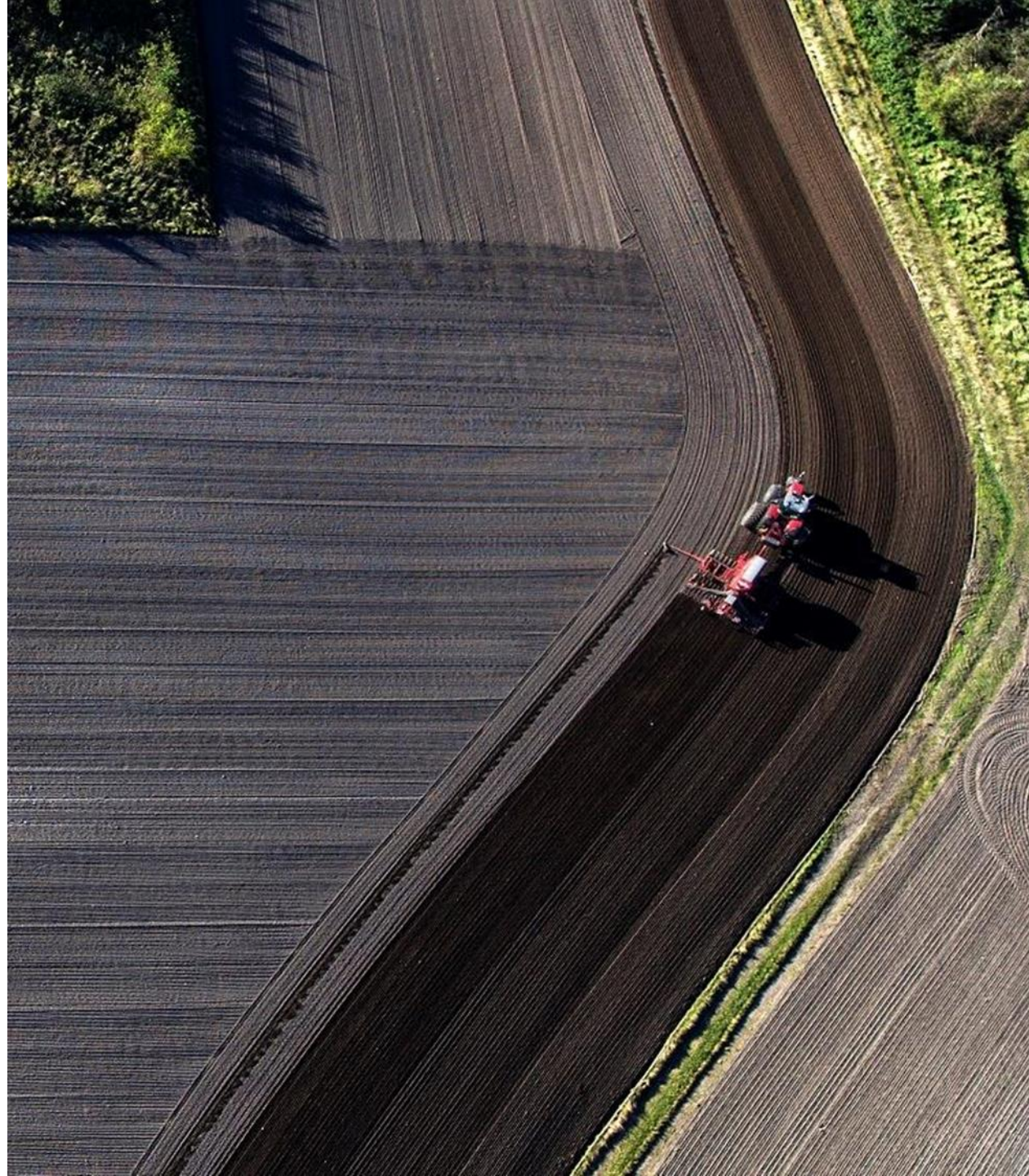
- Strictly protected nature
- Protection of drinking water
- Areas for green energy
- More organic production
- More biodiversity

NB. Total arable area in Denmark is 2.5 mio. hectares



Tax on peatlands

- Two step approach
 1. Approx € 1,3 billion allocated to convert around 70,000 hectares of carbon-rich lowland soils (approximately 140,000 hectares including peripheral areas) by 2030.
 2. From 2028, a CO₂e tax of €5.3/ton for farmers who do not wish to participate in a land withdrawal project. (Equivalent to 100 € per hectare).
- The lowland initiative will be revisited in 2027, where, for example, it will be decided whether the tax should be increased



Carbon tax on emissions from livestock (€ per tonne CO₂eq)

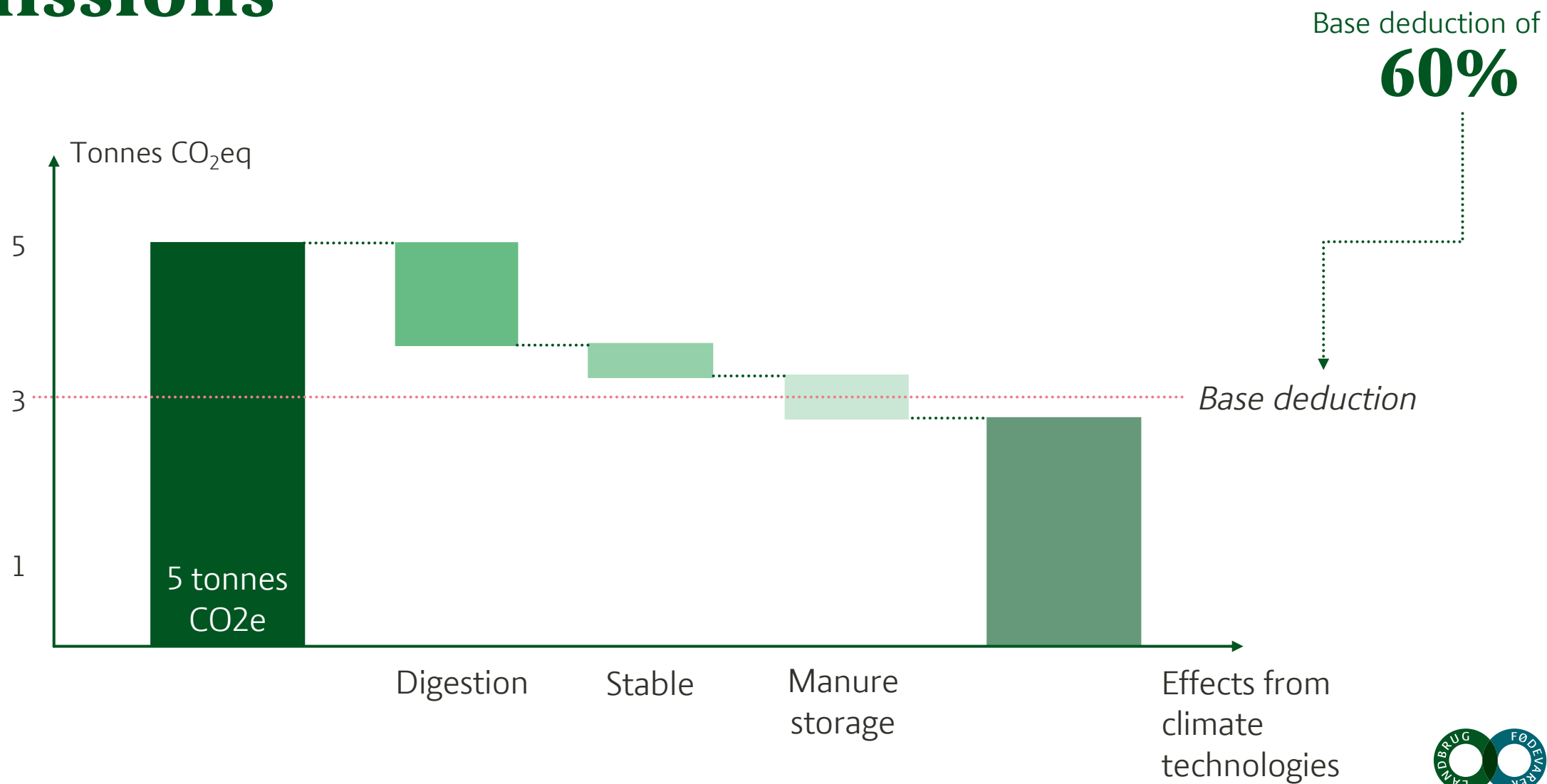
	2030	2035
Marginal rate	40	100

Carbon tax on livestock

- Carbon tax on CO₂-eq from livestock starting in 2030
- 60 percent base deduction
 - Possible for the most climate effective farmer to avoid the carbon tax by lowering emissions to the level of the base deduction
- Base deduction fixed in DKK per livestock.
- The revenue from the carbon tax goes back to the agricultural sector for green investments.
- Revision of carbon tax in 2032. Focus on impact on competitiveness, EU regulation, climate technologies.



Emissions



Support for reduced nitrogen

- 100 € per ton CO₂e reduction (0.6 € pr kg N).
- Financed through CAP – Ecoscheme.
- Scheme starts in 2028.



Tax on lime

- 100 € per ton of CO₂-emission from lime.
- Approx. 27 million € annually.
- Effect per hectare 15 €.
- Lime is crucial for soil fertility.
- Lime regulates soil pH. Without lime, the soil will eventually become acidic.
 - Poorer utilization of nutrients.
 - Soil structure will deteriorate.
 - Reduces yield and quality.
- New studies show that applying lime to acidic soils can reduce nitrous oxide emissions.





The next steps

- The agreement was approved by the Danish Parliament the 18th of November 2024.
- The farmers and the food industry can now make investment plans according to the agreement
- Implementation will be complex, relying heavily on voluntary participation and compensation
 - Concerns about potential sanctions for failing to meet the agreement's ambitious targets
- Involvement and engagement of local and regional organizations and authorities will secure a better implementation
- Continuous focus on R&D, financing and a viable food production'



Questions ?