

Klimarådet

How to save the diminishing carbon sinks in the EU: The case of Denmark

Ulla Blatt Bendtsen, Danish Council on Climate Change, June 12th, 2023



The Danish Climate Council

- Mandated by the Climate Act
- **Watchdog:**
Follow and report on the Danish national climate targets
- **Advisor:**
Give advice to the government and parliament about climate policy
- **Debator:**
Contribute and participate in the public discussion on climate change policy



Agenda

1

Danish GHG emissions

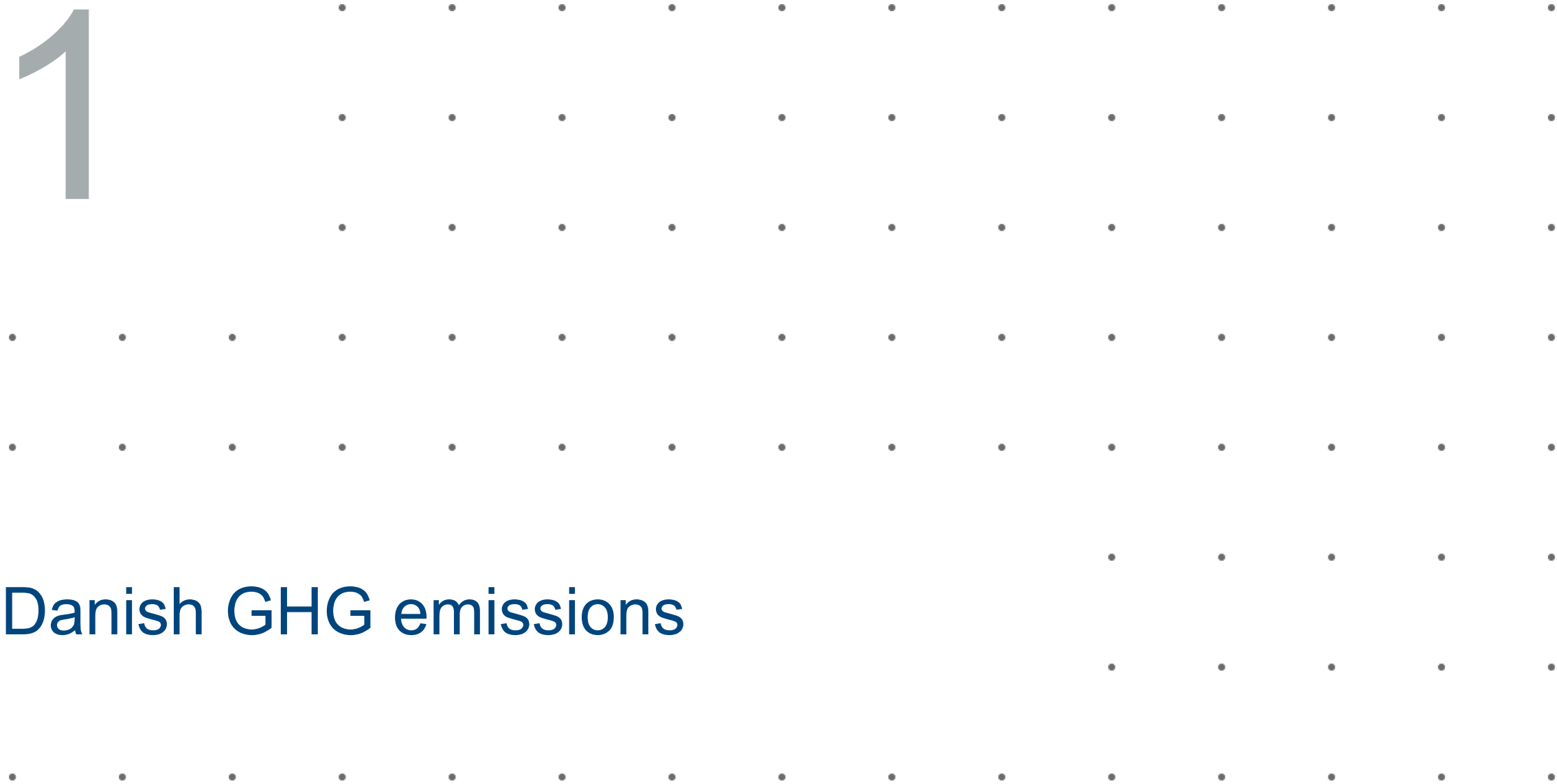
2

Denmark's LULUCF obligations

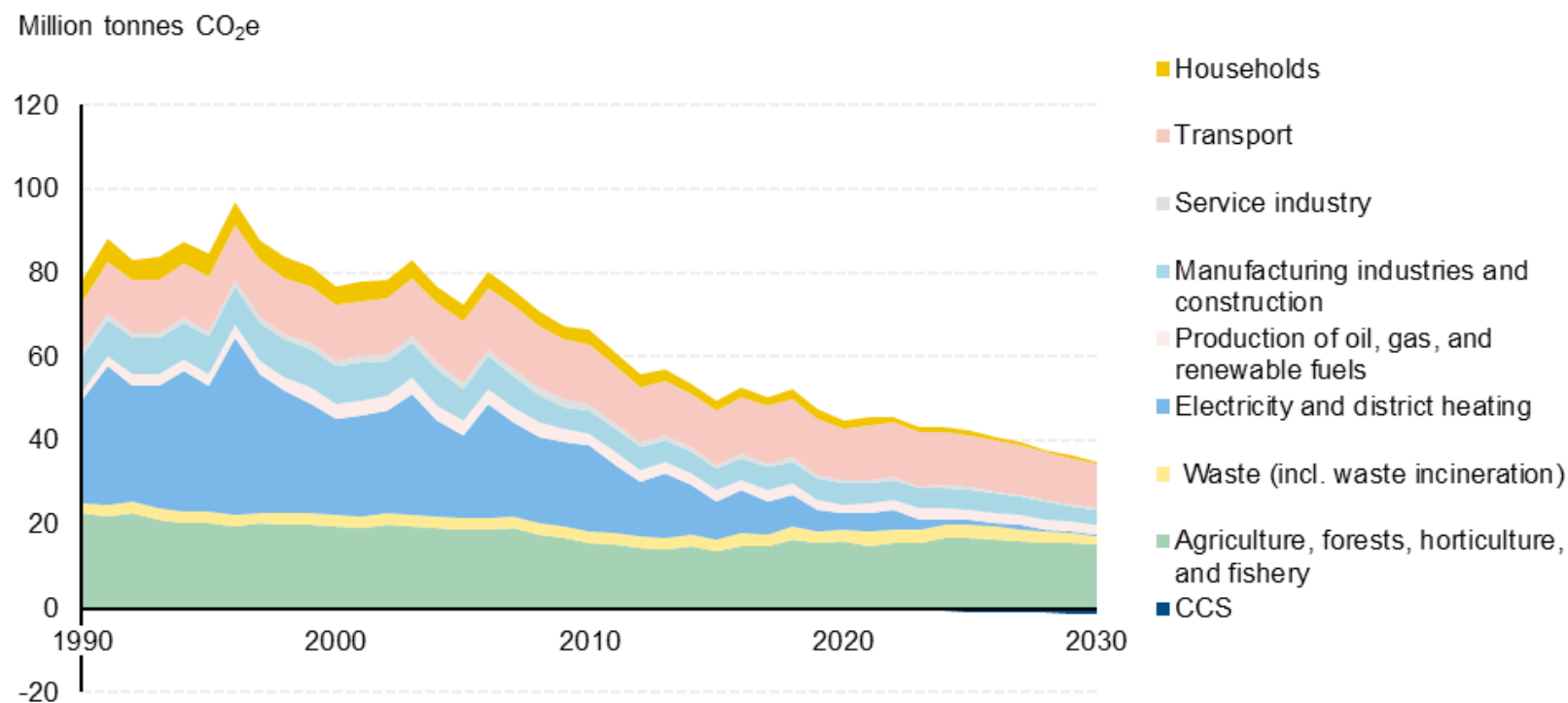
3

Regulation of agricultural and LULUCF
emissions

1

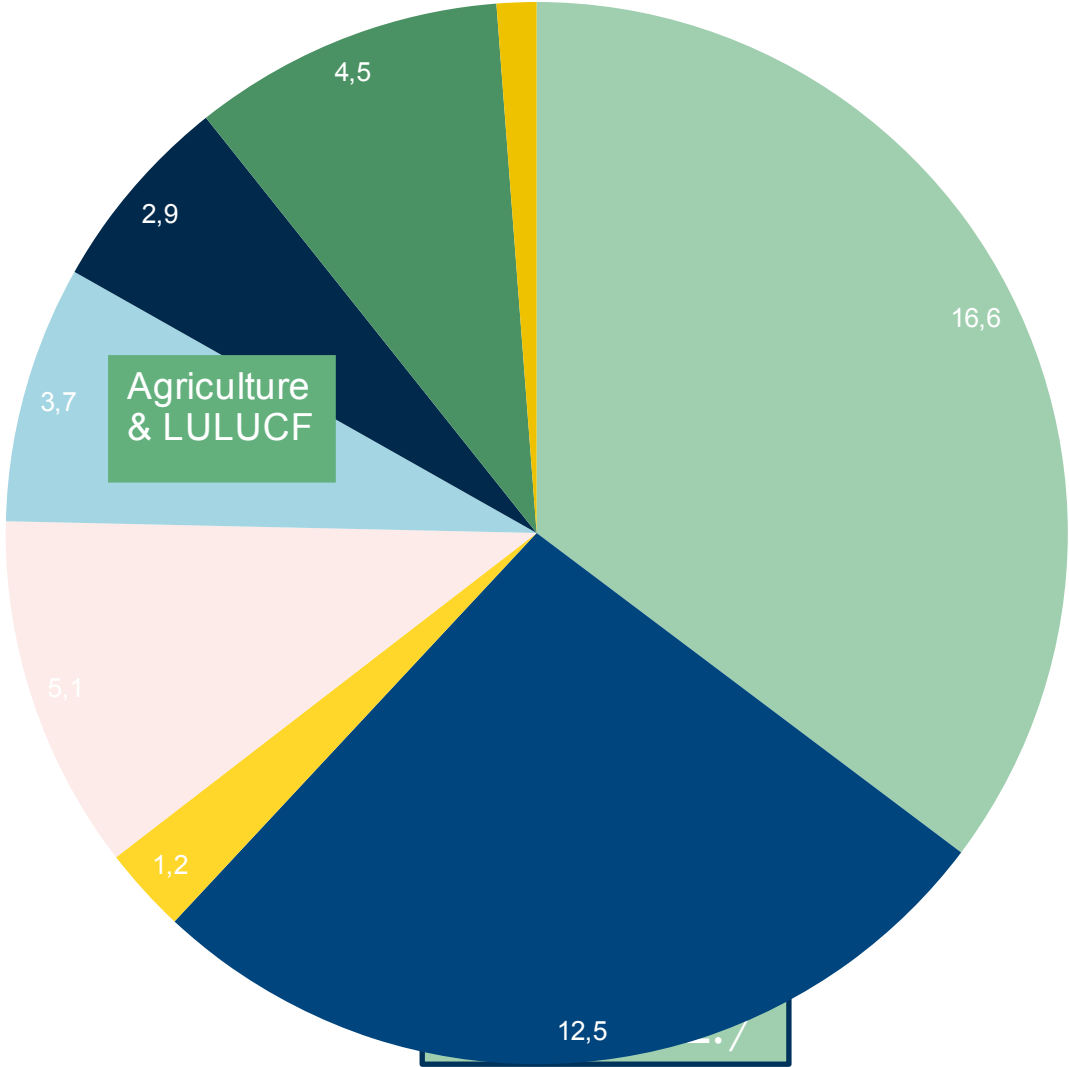


Projected GHG emissions by sector



Remark 1: This figure shows historical emissions up till 2020. Emissions after 2020 are based on the GHG emission projection from the Danish Energy Agency.

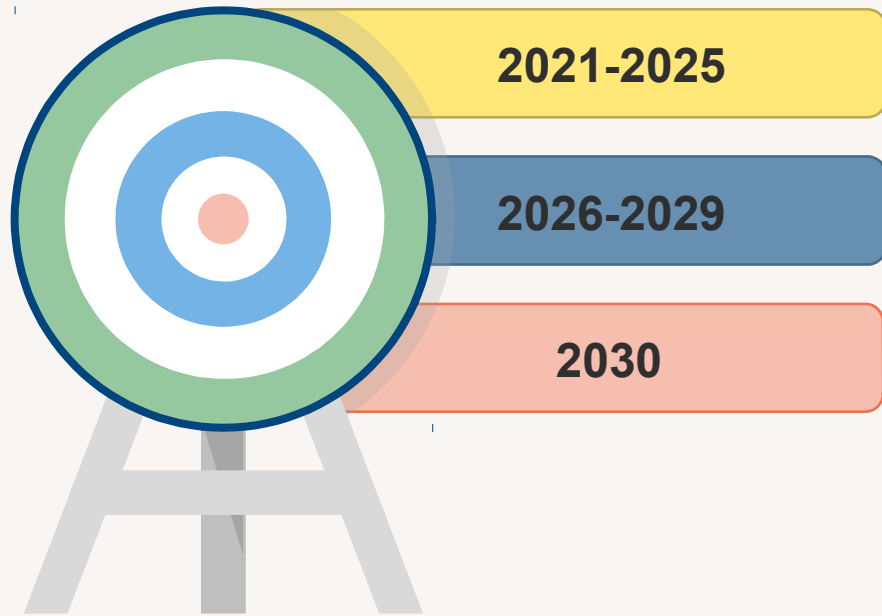
Danish GHG emissions 2020, mill. tonnes CO2e



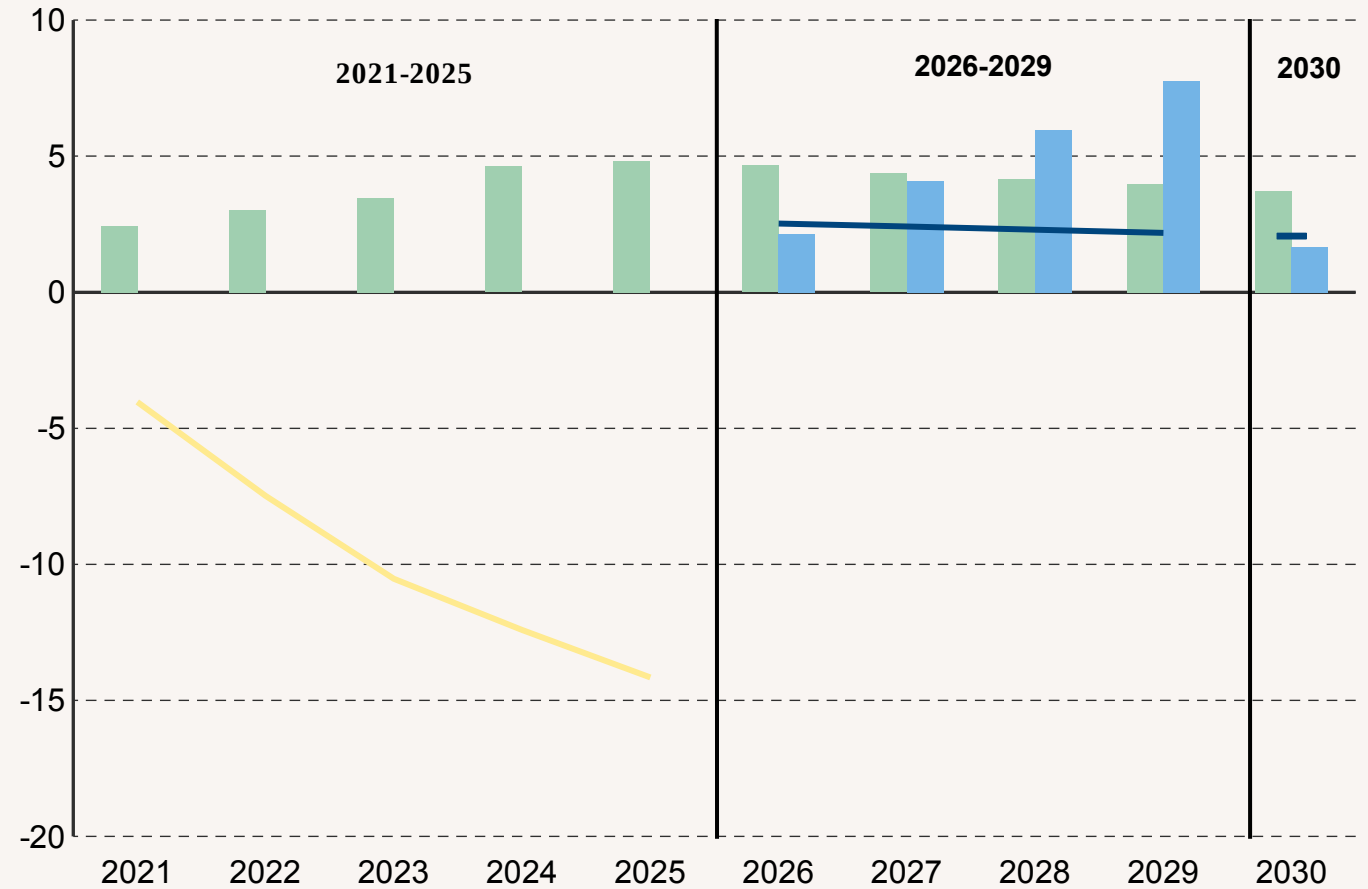
2

Denmark's LULUCF obligations

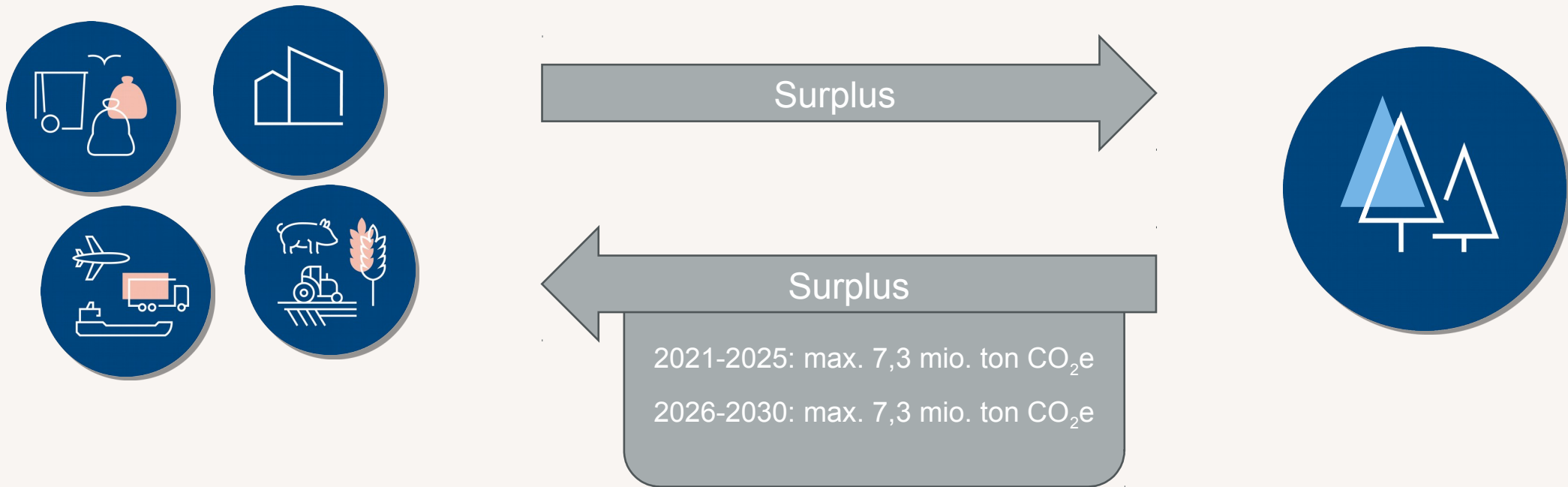
Danish LULUCF-obligations



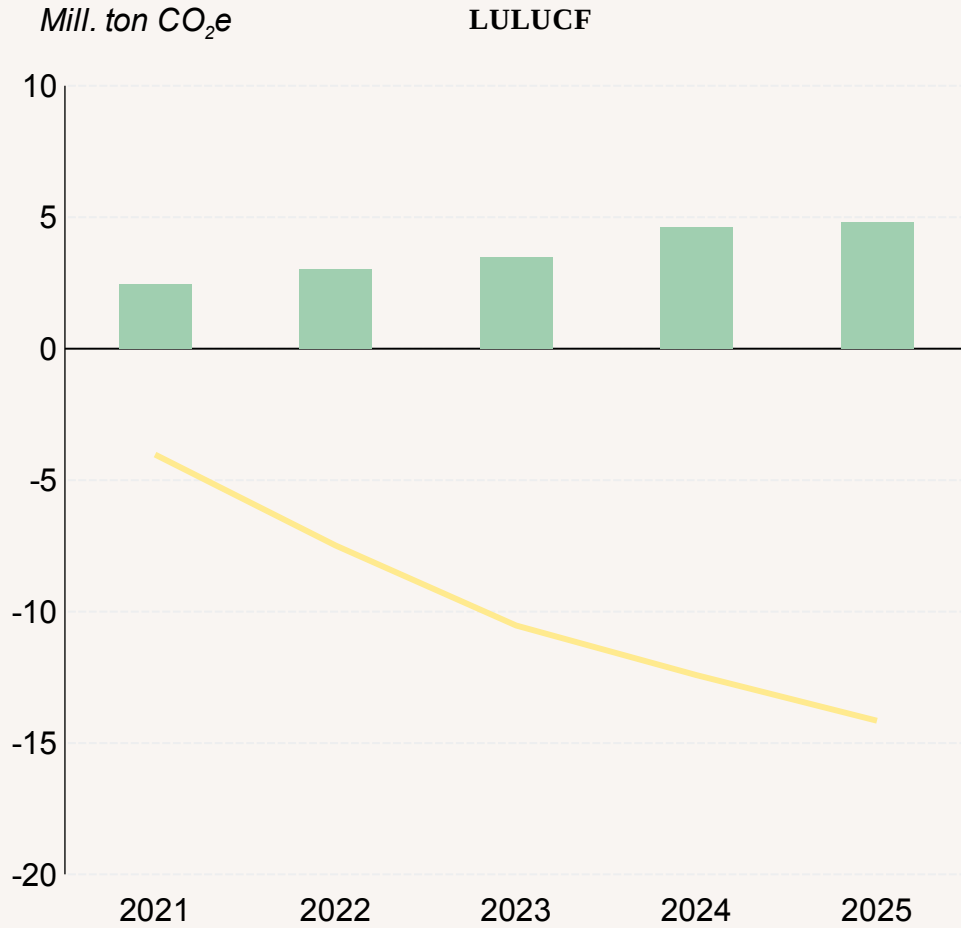
Mill. ton CO₂e



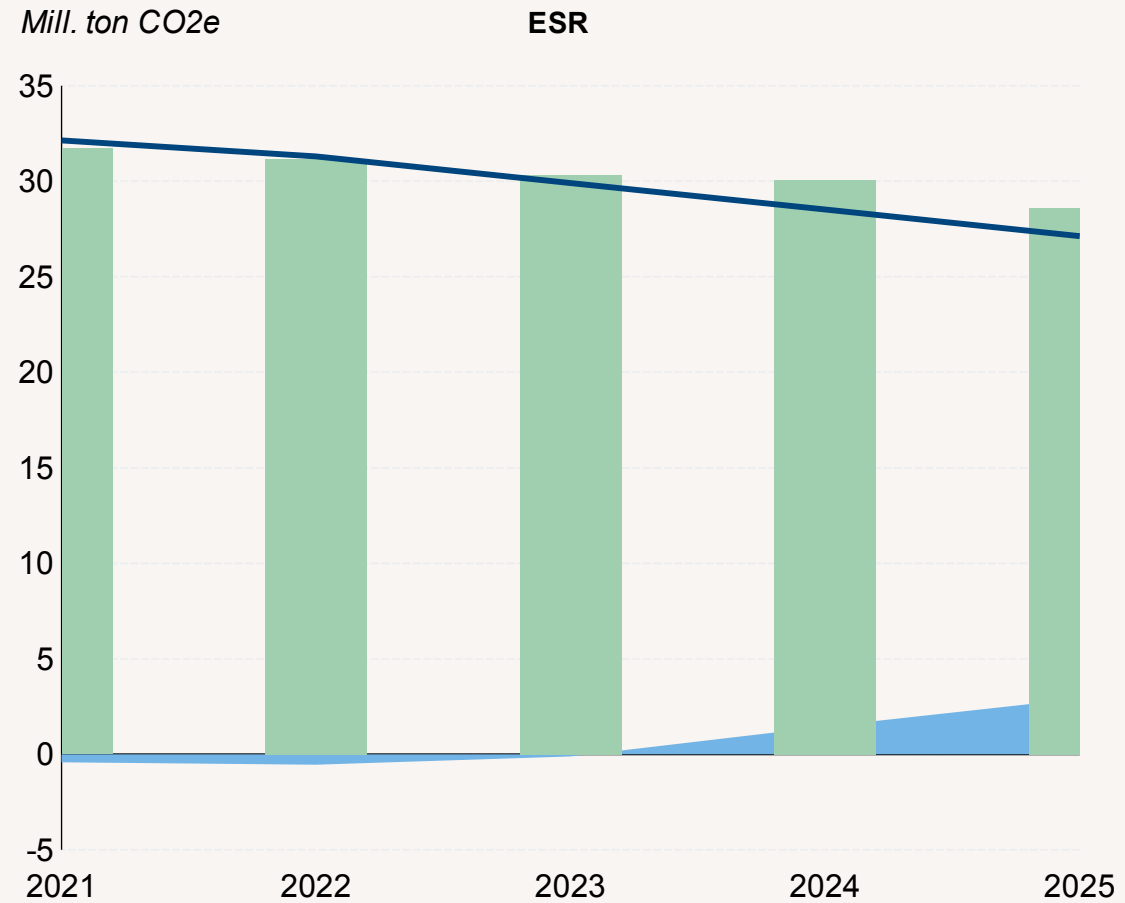
LULUCF and ESR are interlinked



LULUCF-surplus in 2021-2025 can be transferred to ESR

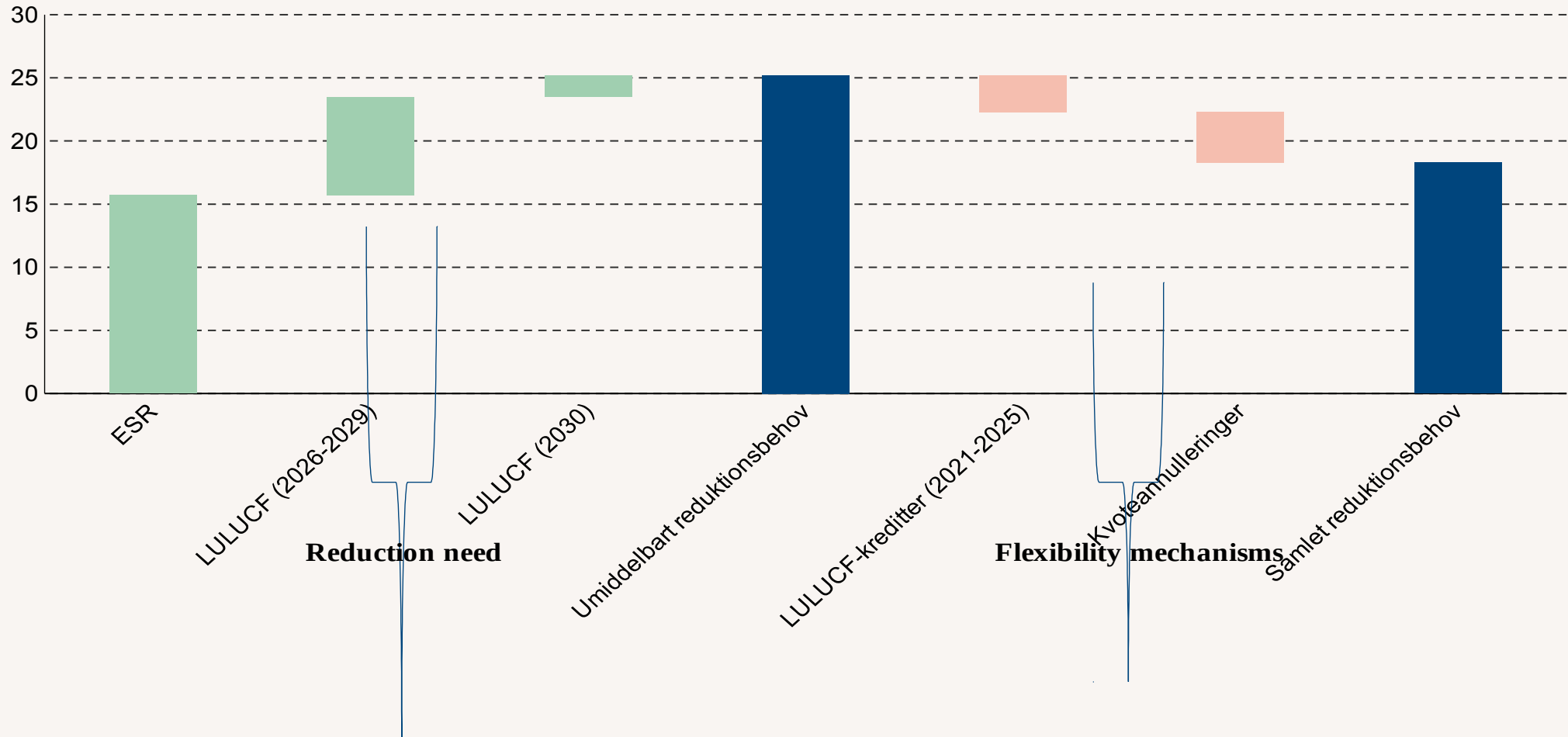


2,9 mill.
ton CO₂e



How big is our reduction need?

Mio. ton CO2e

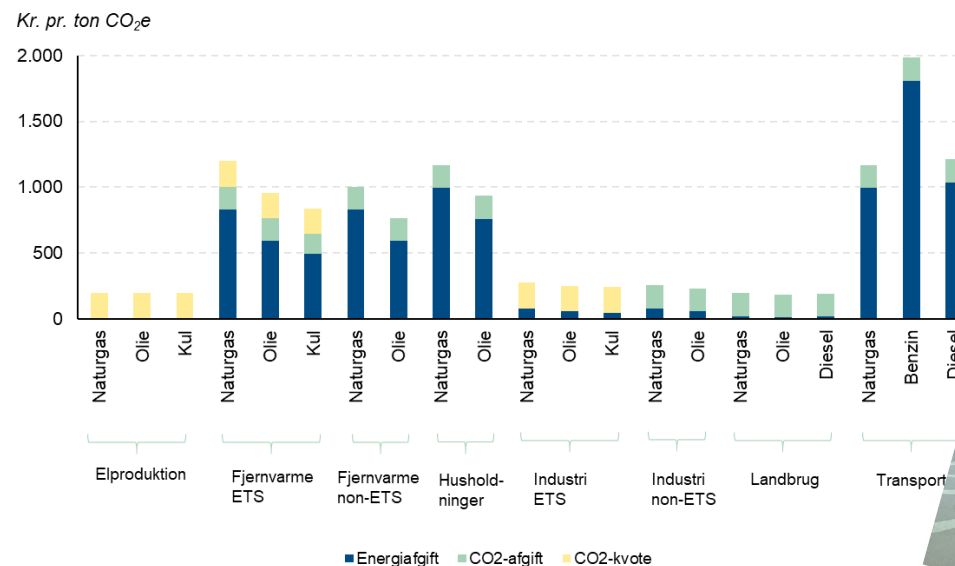


3

Regulation of emissions from the agriculture and LULUCF sectors

Uniform CO2e-tax

- DCCC proposal for a uniform CO2e-tax across all sectors
- Level of 100-200 € per ton in 2030
- Gradual phase-in; Simple / conservative tax base for agriculture
- Deduction model to address leakage problems
- Supplement tax on agricultural emissions with consumption tax or quota
- Tax on industry, energy and transport agreed in 2022
- Government will propose a tax on agriculture when recommendation from expert group is ready end 2023 – shall ensure reduction of 55-65 percent by 2030 in agriculture and LULUCF compared to 1990



Rewetting of peat soils: Ambitious policies face complex barriers

- Rewetting of peat soils a cheap mitigation option
- Socioeconomic mitigation costs include quantification of other environmental externalities mainly reductions of nitrogen-emissions
- Government subsidies for rewetting ≈ € 360 mill. since 2020 - but only a few thousand hectares rewetted so far
- Barriers:
 - Legacy: Focus of 200 years legislation & administration on **draining** of peat- & other agricultural soils
 - Integrated draining-infrastructure = adjacent mineral soils risk flooding by rewetting of peat soils
 - Potential release of phosphor-surplus by rewetting
 - 170.000 ha of peat soils owned by more than 25.000 farms
 - EU farm subsidies per ha conditional on draining of peat-soils – scrapped in new CAP reform from 2023

Thank you
More information: www.klimaraadet.dk