



CALL FOR ACTION: Carbon Trading

Ensuring Wales' family farms remain part of the solution



In order to limit global warming to 1.5°C above pre-industrial levels, countries and companies across the world have been racing to pledge their own 'net-zero' targets or claims. This has led to a surge in individuals and businesses seeking to offset their carbon emissions via the Voluntary Carbon Market.

Consequently, an increasing number of farms in Wales are being purchased by companies in order to plant trees and offset their own emissions, or sell the associated carbon credits in the future.

The FUW maintains that the right tree should be planted in the right place for the right reasons, however, has major concerns that land grabs for carbon offsetting could result in negative impacts on Wales' family farms, the rural economy, biodiversity and Welsh culture.

To ensure Wales' family farms can remain part of the solution instead of a casualty of carbon offsetting, the FUW proposes the following 10 actions:

1 Offsetting must complement not replace lowering emissions

While offsetting emissions is an important tool in tackling climate change, it should not divert attention away from the core efforts of companies and industries to tackle emissions, and a balance must be struck that ensures vulnerable landscapes, communities and industries do not suffer as powerful players seek to offset their own emissions. Failure to strike an appropriate balance between decarbonising and offsetting risks allowing carbon offsetting to create a '**business as usual**' or '**licence to pollute**' approach and even for companies to profiteer from investments in offsetting. We cannot offset our way towards Net Zero.

2 Welsh farmland must not become a dumping ground for other industries and countries seeking to offset their emissions

The varying and competing demands for land are increasing. From food production for a growing global population to energy production, the current rush to acquire land for carbon offsetting is only one of them. A control mechanism is needed to prevent unlimited amounts of carbon stored in Wales to be sold to individuals and/or businesses outside Wales. Examples of options the FUW believes should be explored to prevent this happening include carbon trading quota systems, enhanced planning controls for afforestation projects, limits to the percentage of purchased land which can have 'change of use' and a geographical cap system on the carbon credit registry. EIAs could also ensure that farmland - whether it be of high quality, classified as less favoured area or managed as habitat - is not inappropriately planted.

Currently the Welsh Government continues to count voluntary carbon market credits generated from Welsh activity (such as tree planting) within their greenhouse gas inventory, despite the fact that companies are purchasing such credits to offset their own emissions outside Wales. In order to tackle climate change on a global scale, credits should not be counted twice and this may become problematic for Governments attempting to reach net zero targets in future, as the rules around carbon trading are developed.

3 Communities not corporations on Welsh land

It is no secret that entire farms are being purchased by multinational companies, at an alarming rate. Anything which displaces farmers, rural communities and land managers

(i.e. those who have the most understanding, generational knowledge and practical experience of land management) will only further exacerbate the climate and nature crisis. Unnamed financial institutions were the largest users of carbon credits in 2019, followed by the chemicals and petrochemicals industries, reiterating the need to prevent large businesses from being able to buy licenses to pollute.

The nation's emission reduction targets should not be unfairly or disproportionately placed on land suited for carbon sequestration at the detriment of agriculture, food production, family farms or rural communities.

4 Sales of carbon credits from farmland must not undermine the ability of farm businesses to become Net Zero themselves in future

The importance of demonstrating net zero, and the price of carbon is likely only to increase. Retailers such as supermarkets will be searching for low carbon farming suppliers, whilst a carbon tax may be introduced in the future. As such, farmers who sell carbon credits now (or too cheaply) may find themselves in a position in future where they need to purchase credits themselves at a higher price in order to offset their own emissions, as the carbon stored in their own soils is being used to offset emissions elsewhere. Individual farm businesses, the Welsh agricultural sector and Wales as a nation should need to focus on becoming net zero first before credits are sold beyond these areas.

5 Effective governance is needed to ensure the Voluntary Carbon Market is regulated

The concept of carbon offsetting only works if the credits sold are genuinely removing the promised/traded amount of GHG emissions out of the atmosphere. However the current voluntary carbon market "operates in the shadows", with some good "but lots of bad" in the system says former Bank of England governor Mark Carney, who has been tasked with scaling up the market. Ensuring this international market is effectively regulated should help reduce the ability of companies to purchase land and make up their own rules to claim net zero, as well as protect farmers entering into contracts. Whilst the Woodland Carbon Code and Peatland Code exists in the UK, more consistent standards, enforcement and methodologies are needed internationally. Furthermore, there are 600 to 700 million tons of old carbon credits still available, many of which are no longer considered valid in terms of offsetting. A governing body is needed to manage the market before it's too late.

6 Contracts must be transparent and protect the landowner

Fair and transparent contracts must protect the sellers (i.e landowners) of carbon credits from any failures to deliver or liability claims. Natural carbon sequestration is not permanent, therefore forest fires, establishment failures, disease and soil erosion can all result in a release of carbon. Farmers must be made aware of the need for buffers, and the length, implications and restrictions associated with such contracts.

7 Other land uses should be recognised and rewarded

The opportunity to increase carbon sequestration and long term storage of carbon by protecting and enhancing the existing store on farmland is huge. This can be done through improved management of existing woodland, hedgerows, heathlands, wetlands, peatlands and increasing soil organic carbon in grasslands. For example, global croplands and grasslands can capture and store the equivalent of up to 8.6 gigatons of carbon dioxide a year, according to a 2019 report from the Intergovernmental Panel on Climate Change. That's equal to about 1.3 times all U.S. emissions that year, according to U.S. government data.

This would also ensure increasing carbon sequestration can work alongside farming systems, food production, rural communities and existing habitats, as opposed to a blanket afforestation approach as seen in New Zealand, or focusing solely on new tree plantations.

8

A singular Soil Carbon Code is required

Protecting and building soil structure through reduced tillage, species rich grasslands, livestock grazing management and increasing tree cover also offers multiple benefits for productivity and biodiversity on farmland. Soil can also provide a more resilient carbon store compared to trees due to increased droughts, wildfires and disease. The Soil Carbon Code should be developed as with the Peatland Code and Woodland Carbon Code, to provide UK-wide governance and a level playing field for farmers. This would also provide more carbon credit opportunities for livestock farmers increasing soil organic carbon levels in their permanent pastures.

Did you know?

A third of the Earth's carbon is stored in grassland soils; they store carbon as soil organic matter at about 3.5 times greater than plants

9

Carbon calculators need to be accredited and standardised

Farmers are recognising the need to carry out carbon audits for their farm, whether it be for benchmarking or for their milk contract. However, it has become apparent that there are a number of different carbon calculators available, each of which differ from one another in some way. Evidently, a standardised calculator or calculators which meet an accredited standard is required; firstly to form a baseline to identify how 'green' agriculture is in Wales; secondly to help shape the future agricultural support scheme; and thirdly to identify whether there are any credits remaining to sell beyond the farm gate after offsetting the industry's emissions.

10

'LULUCF' & on farm sequestration needs to be calculated within farm emissions

Many bodies and organisations - such as the Committee on Climate Change and the Welsh Government - have taken the view that agricultural emissions cannot be offset by carbon stored via 'land use, land-use change and forestry' (LULUCF) initiatives in their calculations, therefore once agricultural land is planted with trees, it is no longer classified as farmland. This fails to recognise that much of the LULUCF carbon sinks are often on farmland and have been formed as a result of farming, such as hedgerows, soil organic carbon in pastures and on-farm woodland. Ensuring that carbon calculators and Governments recognise the relationship between agricultural emissions and LULUCF will encourage farmers and land managers to increase carbon sequestration via initiatives such as 'hedges and edges' as opposed to such carbon being lost to another entity.

