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#### NOTE

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From: General Secretariat of the Council  
To: Delegations

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Subject: AOB item for the meeting of the “Agriculture and Fisheries” Council on 9/10 December 2024:  
Agreement on a Green Denmark: Model for a greenhouse gas tax on agricultural production and efforts to improve the protection of nature, biodiversity and water resources  
*- Information from Denmark*

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On 18 November 2024, a broad political agreement was reached among political parties in the Danish Parliament, that aims to deliver a systemic change in the agricultural practice, while upholding a strong and competitive agri-food sector. The agreement also aims to enable ambitious afforestation plans and ensure a good aquatic environment. Recognizing the large and complex task of implementing the agreement on time, the political agreement has set out **three guiding principles**: simple and efficient solutions for quick implementation and transparency, minimizing administrative burdens and focus on stabilizing land prices. Moreover, the agreement recognises the need for land reform, afforestation, and funding of new technologies such as pyrolysis.

The political agreement was the next step following an agreement reached on 24 June 2024, when the Danish Government and a wide range of stakeholders (the agricultural sector, civil society, municipalities, employer organisations and trade unions) reached an agreement for long-term solutions to the agri-food sector's climate and environmental challenges. Including recommendations on how to manage the land-use, nature and drinking water resources of Denmark through simple and efficient solutions.

**The Agreement on a Green Denmark** introduces a tax on greenhouse gas emissions from livestock, where the revenue will be returned to the agricultural sector through schemes that will strengthen the green transition of the sector. Further, the agreement envisions an ambitious target of increasing the forest coverage with 40 per cent and rewetting of peatlands. The agreement will enable a strong and competitive agri-food sector that produces high quality and healthy food. This will ensure attractive jobs and support business opportunities.

**A new Green Area Fund** will be allocated a total of approx. 5.8 billion EUR to support efforts such as afforestation of 250,000 hectares of new forest, rewetting of 140,000 hectares of drained peatlands in agricultural use and strategic land acquisitions. Additionally, a subsidy scheme of approx. 1.3 billion EUR will be introduced to support the production of biochar through pyrolysis. To supplement the Green Area Fund and manage nitrogen reductions, a new emissions-based land regulation will be introduced in 2027, based on the latest knowledge about soil retention.

Funding from the **Common Agricultural Policy** is expected to play a pivotal role under the agreement in financing more sustainable agricultural practices and the uptake of new technology that decreases the greenhouse gas emissions from the sector. In this regard, a high level of coherence between the Common Agricultural Policy and future national or EU climate regulation is important to ensure that different policy tools supplement each other horizontally in order to facilitate the green transition and bringing the agricultural sector in line with EU sustainability objectives.

The initiatives presented in the agreement are expected to close the emission gap related to the Danish national climate target of a reduction of 70 per cent in 2030. Overall, it is estimated that the efforts will reduce Danish emissions between 1.8 and 2.6 million tons of CO<sub>2</sub>e in 2030. The agreement will be revisited to guarantee the reduction of 2.2 million tons of CO<sub>2</sub>e in 2030. Furthermore, with the initiatives in the agreement, Denmark is expected to meet its obligations under the EU Effort Sharing Regulation and LULUCF Regulation.

## Key initiatives

- Reductions in greenhouse gas emissions totalling between 1.8 and 2.6 million tons of CO<sub>2</sub> equivalents (CO<sub>2</sub>e) in 2030, increasing to 3.3 million tons of CO<sub>2</sub>e in 2035. This leads the Danish agricultural sector to a 60 per cent decrease in emissions from 1990 to 2030.
- A tax on greenhouse gas emissions from livestock, with an efficient tax increasing from approx. 16 EUR pr. ton CO<sub>2</sub>e in 2030 to approx. 40 EUR pr. ton in 2035. This includes a base reduction of 60 per cent for emissions, that currently cannot be mitigated through recognised technologies, which lowers the total tax burden on the agricultural sector.
- Revenue from the livestock tax in 2030-31 is returned to the agricultural sector through a transition scheme to strengthen the green transition of the sector. Use of revenue will be revisited in 2032.
- A carbon tax on emissions from agricultural lime of approx. 100 EUR pr. ton CO<sub>2</sub>e, increasing from 2028 to 2030.
- The government will improve documentation, set clear guidelines, and support innovation, enabling farmers to individually reduce their tax-payments by adopting climate-friendly technologies.
- The establishment of a Green Area Fund, which will be allocated a total of approx. 5.8 billion EUR, to support efforts such as afforestation, rewetting of drained peatlands, strategic land acquisitions and additional initiatives related to managing nitrogen reductions. The initiatives in the Green Area Fund will change 15 per cent of the existing agricultural area.
- 250,000 hectares of new forest that will enable an expansion of the forest covered area by 40 per cent (increasing the forest-covered area to 21 per cent of the land cover).
- Rewetting and peatland restoration of 140,000 hectares drained peatlands in agricultural use and a carbon tax on emissions from drained peatlands in agricultural use of approx. 5 EUR pr. ton CO<sub>2</sub>e in 2028.
- A target of at least 20 per cent land areas of protected nature. This includes the planting of 80,000 hectares of private, set-aside forest, 20,000 hectares of set-aside state forest, and the rewetting of drained peatlands, which will expand the protected areas in Denmark considerably.

- Establishment of six additional national parks with the main purpose of protecting and restoring biodiversity, which brings the total number of planned national parks up to 21.
  - A subsidy scheme to support carbon storage in agricultural soils, where the biochar is produced through pyrolysis, approx. 1.3 billion EUR until 2045).
  - A new regulation of nitrogen management, paving the way for compliance with the EU Water Framework Directive. The agreement sets an ambitious target for the effort, which will involve neighbouring countries.
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