



European Organisation of Agricultural, Rural and Forestry Contractors

Confédération Européenne des Entrepreneurs de Travaux Techniques Agricoles, Ruraux et Forestiers

Europäischer Zentralverband der land- und forstwirtschaftlichen Lohnunternehmer und ländlichen Dienstleistungsunternehmer

CEETAR OPINION on the Fit for 55 Package

In June 2022, the European Parliament voted the emissions neutrality for new cars and light commercial vehicles, from 2035 onwards. This is another step in the direction of reaching out EU climate targets and a new challenge for land-based contractors. In a context where there are no practically relevant alternatives in sight, CEETAR would like to widen the debate to the entire consequences of the Fit for 55 package for land-based contractors.

On 14 July 2021, the European Commission published its “Fit for 55 Package” (the package), as a series of proposals, which should help deliver on the European Climate Law target to reduce greenhouse gas emissions in the EU by at least 55% by 2030 and enable climate neutrality by 2050¹. As part of the Green Deal for Europe, the European climate law, and the package allow the European climate trajectory to be adjusted to the objectives of the Paris Agreement.

The Fit for 55 package encompasses a series of proposals which will have repercussion for the agriculture, civil engineering, machinery service, forestry sector and other earthworks (the so-called “land-based”) contractors. The following measures are of particular interest for contractors:

- Revision to the **EU Emission Trading Scheme**, to lower the overall emissions cap per economic sector, phase out free emission allowances for aviation, and include shipping for the first time;
- Revision to the **Effort Sharing Regulation**, assigning stronger reduction targets for each Member State in building, road, domestic maritime transport, agriculture, waste, and small industry sectors;
- **The EU taxonomy**, as a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation contains six environmental objectives: 1. Climate change mitigation, 2. Climate change adaptation, 3. The sustainable use and protection of water and marine resources, 4. The transition to a circular economy, 5. Pollution prevention and control, 6. The protection and restoration of biodiversity and ecosystems;
- The **Carbon Border Adjustment Mechanism** to place a carbon price on imports and prevent EU companies being undercut by energy-intensive competitors;

- Amendment of the **Renewable Energy Directive**, setting a new 2030 target of 40% (up from 32%) energy use from renewables by 2030 and strengthening **bioenergy sustainability criteria**;
- Amendment of the **Energy Efficiency Directive** setting a more ambitious binding annual target at EU level, raised from 32.5% to 36%;
- Revision of the **Energy Taxation Directive** to align taxation of energy products with climate policies and promote clean technologies;

¹ https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541

- Amendment of the regulation setting **CO2 emission standards** for cars and vans requiring average emissions of new cars to come down by 55% from 2021 to 2030 and net-zero by 2035;
- Revision to the **Alternative Fuels Infrastructure Directive** to require aircraft and ships have access to clean energy supply in major ports and airports;
- The new **EU Forest Strategy** to improve quality, quantity, and resilience of EU forests, ensure sustainable use of biomass, and plant three billion trees by 2030;
- Revision to the **Regulation on Land Use, Land Use Change and Forestry**, setting an overall EU target for carbon removals by natural sinks and setting national targets;
- The proposal for legally binding **EU nature restoration targets** in order to increase biodiversity, mitigate and adapt to climate change, and prevent and reduce the impacts of natural disasters. The target objective is to reduce the EU's impact on global deforestation and forest degradation.

This paper expresses the analysis and opinion of land-based contractors across Europe. A series of themes are addressed under three categories: rural and agriculture policy, machinery regulation and forestry.

What does the Fit for 55 package means for EU rural and agriculture policy?

1. Leave room for a bottom-up and step-by-step approach

The European Commission had already presented its Long-Term Vision for EU's Rural Areas, with its shared goals for 2040: towards stronger, more prosperous, better connected and resilient rural areas. To catch up with the challenges, it is essential to enhance, in the Fit for 55 Package, a broader support to all the actors in rural area, including agricultural and forestry contractors. Hence, a bottom up approach, with all stakeholders, is more beneficial to reach the package goals.

The Fit for 55 package is a part of the Green Deal transition towards a fairer, healthier and more environmentally friendly food system. It also interacts with the challenges already presented in the Farm to Fork Strategy. As an example, the LULUCF regulation influences the future farming systems in rural areas. An evolutionary approach (small steps, small gains but going forward!) is needed instead of a revolutionary one. Agricultural contractors are a natural partner for all kinds of farmers for their fields operations. Therefore, agricultural contractors, located in rural areas, can adapt to these new methods, and offer their methods and experiences, on a larger scale to farmers.

2. Promote contractors' innovative services and technologies

The Energy Efficiency Directive leads, in the longer time, to a rethinking of food supply chains. Agricultural contractors are used to operate locally and regionally. They specialise in planning and optimising transport and field operations, thereby lowering the ecological footprint. Contractors use less manure and plant protection product, and in a more efficient way. They also adopt non-chemical methods. They are essential partners for farmers, especially for smaller farmers who do not have to invest themselves in equipment. The guidelines on State aid for climate, environmental protection and energy, have to take in account the role of agricultural contractors. **The use of new equipment has to be stimulated instead of their ownership by farmers.** In the next (midterm) review of the new CAP, the Commission and Member States can put more attention on a voucher system for using this new equipment, as proposed by CEETTAR. Therefore, farmers can experiment with these techniques without purchasing them.

3. Review the EU agriculture and rural policies together with the RED revisions

The Renewable Energy Directive (RED) plays a key role in the Fit for 55 package. The objective is to promote and increase the use of renewable energy. However, the production of biomass (wood, cereals, oil, sugar, etc.) is largely directed towards vital needs, particularly for food and housing. There

is a limited availability of biomass to replace fossil fuels. Hence, a replacement of fossil fuels by biomass is by far unattainable at the current level of consumption. This situation should be reminded when calculating the production of agro-fuels and bio-based alternatives. In brief, by increasingly promoting the use of renewable energies, the different revisions of the RED automatically generate a need to revise the entire European agricultural and rural policies.

What does the Fit for 55 package means for Mobile Machinery regulations?

1. A guaranteed energy price for agriculture and food

The Energy Taxation Directive must continue to ensure that fuel supply is affordable, through a reasonable (possibly specific) level of taxation for agriculture, forestry and food production. This is all the more important, as there is still no alternative energy for non-road machinery with specific uses (due to long working hours in areas without recharging facilities, specific weight constraints, etc.).

2. Adaptation of machinery and efficient data

The machinery directive, as well as other EU related machinery regulations, will need to be adapted to the Fit for 55 package. It includes the need to keep older machines up to date, while extending their service life and putting new systems in old frame, such as AI, telemetric, NIR, position farming equipment, etc. It will also be necessary to put new power plants in old machinery, such as new electric engine technology.

Furthermore, it is essential to ensure the availability and quality of data from the machines, so that contractors may use these data to document CO₂ use per hour, hectares, bale grass, ton corn, etc. In order to do this, machinery manufacturers will have to add information on the energy used to manufacture the machine, as this information is currently not available.

3. Fuel of the future and the road to a fleet of machines with the future fuel

In contrast to passenger cars and vans in road traffic, no practical alternatives to the combustion engine are yet in sight for machinery used by land-based contractors. With battery-electric drives or fuel cells, tractors and mobile machines would become significantly heavier or larger, with comparable power, thus unusable for work in the field.

Evidence show that E-fuels and biogenic energy sources have the same or even better properties as fossil fuels in terms of efficiency and work economy. Above all, they are CO₂ neutral and almost emission-free in modern combustion engines.

However, in June 2022, the European Parliament decided to emissions neutrality for new cars and light commercial vehicles from 2035 onwards. The Parliament supports the Commission proposal to reach zero-emission road mobility by 2035. Intermediate emissions reduction targets for 2030 would be set at 55% for cars and 50% for vans.

The European Parliament decision means that necessary innovations for an energy transformation in land-based contracting might be lost. Research and development programmes will no longer address further development of combustion engines and e-fuels. This is a preoccupying orientation, which will have repercussions on the entire sector, not only for contractors.

4. Further research on CO₂ counting methods and a comparative advantage to carbon proactive contractors

There are few discussions now on the amount of CO₂ is used in the production of machines. Being a part of the value chain, contractors wonder whether the amount off CO₂ stored in the machine will be a part their CO₂ counting process.

As it appears, some national CO₂ counting methods are not available to contractors, whose services do not include product amounts, so they cannot push forward "carbon-saving" services toward their

clients. Define calculation methods, integrating the contractor's contribution (through machines or process), could help contractors to spread best practices on farms.

What does the Fit for 55 package means for forestry?

1. Make the forestry business more competitive

EU policies have a major influence on the forestry business environment. They mostly consist in the EU taxonomy, regulation on deforestation and restoration targets, the revision of renewable energy directive and the LULUCF regulation.

Not all Fit For 55 package proposals y are directly targeted towards forestry contracting, but their **summed up influence** might jeopardize further business developments, as the EU landscape is heading towards more restored areas, more protected areas, as well as sustainable energy wood criteria, carbon sink goals and forest degradation regulations.

The EU Forest strategy emphasizes ecological and climatic aspects and misses efforts to make forestry more competitive. Furthermore, it will require major efforts from all forestry and planting business actors.

2. Keep counting primary wood biomass as renewable energy source

CEETTAR deplores the adoption by the European Parliament, of amendments calling for phasing down the share of primary wood biomass (such as wood energy from forests, branches, trunks, stumps, etc.) counted as renewable energy. Certain shares from fuels derived from primary woody biomass will be nonetheless counted as renewable energy, provided that the shares of such fuels do not exceed the average overall consumption share of the respective fuel between 2017 and 2022.

Excluding this forest resource would make it impossible for Europe to achieve its climate and energy objectives. It would not bring any additional benefit in terms of sustainability as primary biomass already meets stringent sustainability criteria with the application of the RED II Directive. This exclusion would hamper the good maintenance of forests. It will also prevent any improvement in the timber production improvement, due to the loss of income from its use (mostly for energy purposes). In the long term, the forest will deteriorate and may wither away, releasing CO₂ and methane, a gas that has 28 times more impact on global warming than CO₂.

3. Give further EU support to foster tree planting

The EU Biodiversity Strategy commits to planting at least 3 billion additional trees in the EU by 2030, on top of those that should normally be planted. These new plantings would increase the area of forests and the number of trees in the EU. It should also increase the resilience of forests and their role in combating biodiversity loss, while mitigating and adapting forests to climate change.

Fruit trees and seed producers, as well as hedges and borders, will be counted among those new trees.

This near doubling of production and planting nonetheless implies a very strong commitment to seed and plant production in all countries, as well as the training of large numbers of workers to meet the targets. For the time being, there are no indications of European investment to achieve these objectives.

An overarching priority: support to training

The Employment, Social Policy, Health and Consumer Affairs Council adopted, in June 2022, a recommendation to ensure that the Green Deal is fair and leaves no one behind. It also adopted a recommendation aimed at encouraging the creation of quality jobs. This is a key measure to ensure that learners of all ages acquire the essential knowledge and skills, in a changing labour market, and act for a sustainable future. CETTAR proposes:

- 1) Ensure that access to training for agricultural, rural and forestry contractors is guaranteed, even if their commercial activity does not fall within the remits of the chambers of agriculture;
- 2) While experimentation and knowledge sharing are developing within farms, especially by integrating complementary actors. However, it is not appropriate to dissociate initial and vocational training within the sector. CEETTAR reminds that contractors play a crucial role in the dissemination of innovative technologies, in the entire agriculture value chain, by constantly sharing the technical and economic references gathered from their various clients.

About CEETTAR:

The European Confederation of Agricultural, Rural and Forestry Contractors, established in 1961, represents about 150,000 companies and nearly 600,000 workers. It aims to represent the interests of land-based contractors in Europe. In 2014, the European Network of Forestry Entrepreneurs decided to merge with CEETTAR, resulting in a stronger and more representative single organisation representing land-based contractors at EU level.

CEETTAR aims to be a proactive force to benefit the contractors and the rural economy at European level. Its objective is to:

- Represent the national federations and defend their professional interests in relation to the institutions of the EU. This way, CEETTAR is recognised as representative organisation for contractors towards the European Institutions,
- Represent the national federations and defend their professional interests towards other private organisations, which are active at European level and beyond. CEETTAR maintains constructive relations with COPA-COGECA (farmers), CEMA (agricultural machinery industry), EFFAT (workers)...
- Help organisations in the new Member States to fulfil their national objectives as rapidly as possible and under the best conditions through the expertise transfer developed by the CAP.