

Draft feedback on the public consultation on the delegated act related to taxonomy and sustainable finance

Farmers, forest owners and their cooperatives need to be able to count on support to continue to invest in more sustainable production methods and adaptation measures, smarter technologies and businesses. Guaranteeing access to finance is key, including access to finance earmarked for the recovery from the COVID-19 pandemic. In this process, it is important to take stock of and recognise the existing legislation as well as the work done by farmers, forest owners and their cooperatives to improve sustainability in agriculture and forestry.

The first delegated act supplementing Regulation (2020/852) includes the technical screening criteria to determine whether specific economic activities qualify as substantially contributing to climate change mitigation and adaptation. This act takes a strong stance on and a disproportionate approach to the agricultural and forestry sector, which is certainly not the main beneficiary of the financial products that Regulation 2020/852 focuses on. We do not agree with lack of representativeness in the Technical Expert Group and the newly created platform either.

Moreover, we clearly see that the Commission is using a delegated act, the role of which is to supplement certain non-essential elements of a legislative act, to regulate issues of high importance and to determine whether or not an economic activity is sustainable or significantly harms the environment.

From a procedural perspective, the four-week period for consultation on a draft delegated act that is highly complex and detailed and that is not available in all EU languages is unacceptable.

The proposal on the technical screening criteria is counterproductive and poses a challenge for Member States and the agricultural and forestry sector from a usability point of view. It also represents an unprecedented attempt to propose conflicting legislation and to enforce criteria that set a new policy in parallel with the Common Agricultural Policy (CAP), other sectoral regulations and national legislation. In fact, Regulation 2020/852 states that when establishing and updating the technical screening criteria, the Commission should take into account “relevant Union law”. The technical screening criteria must be in line and compatible with existing measures in the CAP, REDII and the Forest Europe criteria on Sustainable Forest Management, which are part of national legislation and voluntary forest certification schemes. In addition, they need to take into account the EU Bioeconomy Strategy and the bioeconomy sectors’ important role in fighting climate change and replacing fossil-based materials.

Any additional provisions that are stricter than those already in place under the CAP, that involve unfeasible criteria and that request the use of data that is unavailable as well as the proposed farm sustainability plans and annual reporting and targets, are simply unacceptable. The existing reporting system for the CAP must be used.

With regards to the bioenergy economic activities, the technical criteria are impractical, unworkable and, above all, require a disproportionate amount of effort.

Large parts of the EU bioeconomy risk being deemed unsustainable for taxonomy purposes. This is despite the fact that their primary purpose is to produce, process and add value to renewable resources as feedstock in order to make innovative, value-added everyday products and materials. The draft delegated act refers to the uses of agricultural raw materials for industrial and energy applications, such as plastics, biofuels for transport, biowaste and organic

chemicals. It states that a key criterion is that “Food or feed crops are not used as bio-based feedstock for the manufacture” of these bio-based products and ingredients.

In addition to these comments, we underline that as an indirect effect, there is an obvious risk of carbon leakage to third countries in the short and mid-term if investments are hindered by the defined criteria.