

Climate and Carbon



March Monthly Update



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Key Watchpoints – March

- The EU is tightening regulations on carbon footprint assessments, biodiversity protection and environmental sustainability standards for imports.
- Australian farmers exporting to the EU will need to align with these evolving requirements to maintain market access.

EU's vision for agriculture and Food: Implications for Australian farmers and trade access

The European Commission's recent report, *A Vision for Agriculture and Food: Shaping Together an Attractive Farming and Agri-Food Sector for Future Generations*, ([European Commission Report](#)) outlines the EU's roadmap for a more sustainable and resilient agricultural sector. While its primary focus is on European farming, the regulatory shifts proposed in this document have direct implications for Australian grain producers and broader agricultural exports. With the EU being a significant trade partner, understanding these changes is crucial for maintaining and expanding market access.

One goal, many paths: Sustainability in different agricultural environments

Both the EU and Australia share the goal of **sustainable agriculture**, but their **climatic, environmental, and production challenges differ significantly**. The article *Climate-Smart Agriculture: Australia's Voice in Europe* ([Australian Government Source](#)) highlights this through The Special Representative for Australian Agriculture (SRAA), Ms. Su McCluskey's visit to Germany, the Netherlands, and Italy in June 2024. She emphasized that "global discussions in this space need to consider that one approach won't suit all countries around the world". The [ABARES report](#), *EU-Australia Farming: One Goal but Many Paths to Sustainability*, also noted that a **one-size-fits-all sustainability framework does not work globally**. Australian agriculture operates in an environment that differs from Europe's in **climate variability, soil conditions, and water availability**, requiring unique sustainability solutions.

Australian innovation in sustainable farming

Australian farmers are **world leaders in no-till farming, precision agriculture, and integrated pest management**. These advanced techniques drive sustainability while maintaining productivity in Australia's **challenging and variable climate**.

- **No-Till Farming:** Reduces soil erosion, improves moisture retention, and enhances soil health.
- **Precision Agriculture & Variable Rate Technology (VRT):** Minimizes waste, reduces environmental impact, and maximizes productivity.

These technologies show that **Australia achieves sustainability through innovation rather than regulation**, a key distinction from the **EU's prescriptive approach**.

Key differences in sustainability approaches

- 1. Climate and Water Management**
 - **EU:** Focuses on reducing emissions and preserving biodiversity.
 - **Australia:** Deals with extreme weather variability, requiring adaptive strategies.
- 2. Sustainability Compliance and Carbon Farming**
 - The EU's **Carbon Removals and Carbon Farming Regulation (CRCF)** sets strict benchmarks, requiring Australian exporters to **demonstrate compliance**.
 - Australia's **Emissions Reduction Fund (ERF)** supports carbon farming but differs in methodology.
- 3. Pesticide and Chemical Restrictions**
 - The EU is **banning hazardous pesticides**, impacting Australian exports.
 - Farmers must comply with **EU Maximum Residue Limits (MRLs)**.
- 4. Supply Chain Transparency and ESG Reporting**
 - The EU requires **proof of sustainability compliance**, aligning with Australia's **Agriculture Sustainability Framework (ASF)**.
- 5. Deforestation Regulations**
 - The **EU mandates deforestation-free supply chains**.
 - Australian grain is not typically linked to deforestation, but **traceability is crucial**.

Trade implications for Australian farmers

The *ABARES report, EU-Australia Farming: One Goal but Many Paths to Sustainability*, highlights how Australia's **market-driven approach** differs from the **EU's regulatory framework**. With **70% of Australian agricultural output exported**, maintaining competitive access to EU markets requires **alignment with evolving standards**.

- **Grain exports to the EU, particularly wheat and barley, may require additional certifications.**
- **Non-tariff barriers such as environmental labelling and import restrictions could impact competitiveness.**

How Australian farmers can address these Issues

- 1. Proactive ESG Compliance**
 - Leverage **ASF and ERF** to align with EU standards.
 - Improve **carbon accounting** to meet CRCF benchmarks.
- 2. Invest in Sustainable Farming Practices**
 - Adopt **low-emission technologies** and regenerative farming.
 - Phase out **restricted chemicals** and implement **EU-compliant alternatives**.
- 3. Enhance Traceability and Transparency**
 - Implement **digital tracking systems**.
 - Ensure **Australian sustainability certifications are recognized**.

Conclusion

While both Australia and the EU **aim for a sustainable agricultural future**, their **different environments necessitate distinct approaches**. The EU's regulatory framework may not always align with Australian farming conditions, but **farmers can still adapt through innovation, precision agriculture, and sustainability verification**. By leveraging **market-driven sustainability, traceability systems, and advanced farming practices**, Australian grain producers can maintain strong trade relations with the EU while ensuring long-term competitiveness.

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