

April 2026

IATP Europe feedback on the possible use of international carbon credits to achieve the EU's 2040 climate target

The Institute for Agriculture and Trade Policy (IATP) Europe appreciates the opportunity to provide feedback on the possible use of international credits towards meeting the EU's 2040 climate target.

When carrying out the impact assessment, the European Commission should consider the following:

There is extensive scientific evidence demonstrating that achieving the 2040 target domestically is both feasible and desirable.

Scientific analysis has clearly demonstrated the feasibility, as well as the desirability of meeting an EU 2040 climate target of at least 90-95% below 1990 levels domestically. Recommendations from the EU's own Scientific Advisory Board on Climate Change (ESABCC) from [2023](#) and [2025](#), as well as [independent research](#) and recommendations from more than [2,000 scientists](#), underline this.

The agriculture and food system has significant potential to contribute to climate action, with multiple co-benefits.

While other sectors have increasingly decarbonized over the last decades, the reduction of greenhouse gas (GHG) emissions in the EU agriculture and food system has been limited. Yet, with a supportive policy mix for farmers, there is [significant potential](#) to contribute emission reductions directly as well as supply materials (i.e. biomass for insulation materials) to contribute to the decarbonization of other sectors.

Outsourcing climate action to third countries through the use of international credits would reduce the overall climate ambition within the EU, and with it, the [scale of action in the agriculture sector](#). While this may appear like a short-term reprieve for farmers, the European Commission should carefully consider the long-term transition risk for farmers and other actors in the agrifood supply chain. A delayed, but ultimately faster, transition in the sector exposes farmers to [higher risks of stranded assets](#).

Beyond climate, the transformation of the EU's agrifood system has other [social and environmental benefits](#). For example, rightsizing the number of farmed animals within the EU would alleviate water and soil pollution, reduce the need for antibiotics and thus

the risk of antimicrobial resistance, and contribute to biodiversity. The annual public health cost of current dietary habits is estimated at 5-6% of the EU GDP. Shifting to healthier (and more climate-friendly) dietary habits would be beneficial for the public purse and the climate.

Consistency with the Paris Agreement suggests any use of international credits should be beyond what the EU is capable of doing domestically.

The purpose of using international credits under the Paris Agreement is to enable countries to achieve “higher ambition” in their mitigation efforts than would otherwise be the case (Art. 6.1). Achieving a 90-95% reduction target is both feasible and desirable (as discussed above) and represents the floor of EU ambition internationally. Should the EU wish to proceed with international credits, this use should be [beyond](#) the 90-95% domestic target level to be consistent with provisions of the Paris Agreement.

International carbon credits have a long track record of failing to deliver climate action and harming local communities.

Beyond the implications for the EU’s own transition, it is critical to consider the extensive evidence detailing how carbon credits have not delivered their promised climate benefits, and at the same time have repeatedly infringed on the human rights of host communities (the Annex below contains a selected biography of this research). In 2024, the UN Special Rapporteur on the Rights of Indigenous People raised the possibility of a [moratorium on carbon markets](#) to halt human rights violations.

Buying international credits is not an effective use of public tax money.

Relying on carbon credits to achieve the 2040 climate target is not a smart use of public funds for the EU, given that:

- It creates the need for continuous funds dedicated to purchasing new credits since a credit can only be used towards an annual climate target, whereas investments into emission reductions at the EU level would lead to permanently lower level of emissions.
- It misses the opportunity to take advantage of co-benefits (i.e. water, air, public health) of emission reductions domestically, such as through a transformation of the food and farming system.

Given the failures of carbon credits to deliver for the climate or local communities where projects are located, it is also [not an effective use of resources](#) to support the decarbonization efforts of others. For this, actual international climate finance is needed.

Be clear and transparent about the financial and opportunity costs of using credits.

The impact assessment should include one scenario that assesses the effects of achieving the EU 2040 climate target of net 90% emission reductions domestically, given that the

EU Climate Law allows for the use of international credits but does not mandate it. As such, international carbon credits should not be factored into the distribution of ambition across Member States. Member States should always retain the option of achieving their contributions to the EU target through domestic action alone.

Scenarios exploring the use of credits should be clear about:

- The impact on overall EU emissions and the EU's carbon budget. The agreed 5% flexibility by 2040 does not clearly define to what extent credits may be used each year between 2036 and 2040, resulting in vastly different extents of international carbon credit procurement and cumulative GHG emissions within the EU until 2040.
- Added challenges to meet future climate targets, including climate neutrality in 2050 and net negative emissions thereafter.
- The likelihood of sufficient current and future supply of international credits that meet high-quality standards, as well as the cumulative cost associated with the purchase of such credits.
- Any negative effects international credit use may have on investment certainty and competitiveness of decarbonization measures within the EU.
- The wider social and environmental effects, in particular the non-employed synergy effects (i.e. public health), as well as the costs associated with the opportunities missed by not cutting GHG emissions domestically.

A robust, clear and transparent impact assessment can help inform the public of the consequences of resorting to international credits.

Annex

Selection of reports and assessments on the limitations of carbon credits:

- Rana, P. Fleischman, F. Sharma, A. (2026) [Why carbon offsets may fail in complex systems: A causal inference perspective](#)
- Badgley, G., Chay, F. (2026) [Evidence of non-additional pig manure offset projects](#)
- Macintosh, A., Trencher, G., Probst, B., et al. (2025) [Carbon credits are failing to help with climate change – here's why](#)
- Romm, J., Lezak, S. & Alshamsi, A. (2025) [Are Carbon Offsets Fixable?](#)

- Coglianesi, C. & Giles, C. (2025) [Third-Party Auditing Cannot Guarantee Carbon Offset Credibility](#)
- Probst, B.S., Toetzke, M., Kontoleon, A. et al. (2024) [Systematic assessment of the achieved emission reductions of carbon crediting projects](#)
- Gill-Wiehl, A., Kammen, D.M. & Haya, B.K. (2024) [Pervasive over-crediting from cookstove off set methodologies](#)
- Science Based Targets initiative (2024) [Evidence Synthesis Report Part 1: Carbon Credits. Version 1.0](#)
- Haya, B. K., Alford-Jones, K., Anderegg, W. R. L., et al. (2023) [Quality assessment of REDD+ carbon credit projects. Berkeley Carbon Trading](#)
- West, T. A. P., Wunder, S., Sills, E. O., et al. (2023) [Action needed to make carbon off sets from forest conservation work for climate change mitigation](#)
- Badgley, G., Freeman, J., Hamman, J. J., et al. (2022) [Systematic over-crediting in California's forest carbon off sets program](#)
- Anderegg, W. R. L., Trugman, A. T., Badgley, G. et al. (2020) [Climate-driven risks to the climate mitigation potential of forests](#)

Selection of reports and assessments on human rights infringements connected to carbon credits:

- Cubas-Baez, A., Sunderlin, W. D., Larson, A. M., et al. (2025) [From promises to practice: Persistent challenges in safeguarding local rights in forest carbon market initiatives](#)
- Hawwa, L. (2025) [Shortsighted and unjust carbon projects: A Zimbabwe case study](#)
- Maasai International Solidarity Alliance (2025) [Soil Carbon Credits: Another Wave of Land Alienation in Northern Tanzania?](#)
- Human Rights Watch (2024) [Carbon Offsetting's Casualties: Violations of Chong Indigenous People's Rights in Cambodia's Southern Cardamom REDD+ Project](#)
- Greenfield, P. (2023) ['Nowhere else to go': forest communities of Alto Mayo, Peru, at centre of offsetting row](#)
- Manda, S., Mukanda, N. (2023) [Can REDD+ projects deliver livelihood benefits in private tenure arrangements? Experiences from rural Zambia](#)
- Counsell, S., Survival International (2023) [Blood Carbon: how a carbon offset scheme makes millions from Indigenous land in Northern Kenya](#)