

WP4: Transformation

Short Report of 2nd Peat Extraction Sector Roundtable

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The H2020 MERLIN roundtables aim to build a community of practice linking the economic sector representatives with MERLIN scientific and implementation partners. Following a first roundtable with the [Peat Extraction Sector](#) and [Sector Briefing](#), a second roundtable was held on 2nd May 2023. This report captures the main discussion points of the second roundtable and a one face-to-face bilateral discussion with one of the peat extraction companies. The findings will contribute to a final roundtable to be held in 2024, and subsequent policy briefings and sector strategies.

What we did

The second Peat Extraction Sector roundtable brought together 23 experts from private and nongovernmental organisations across Europe and abroad. The roundtable was convened in collaboration with the International Peatland Society (IPS), who are MERLIN partners for the Peat Extraction Sector. The discussion was structured around four key topics:

- the meaning of large-scale restoration and NbS for the sector
- policy changes needed to enable large-scale restoration
- financing options for large-scale restoration
- the required cross-sector cooperation for large-scale restoration

These topics emerged from the cooperation points identified in Deliverable 4.1, sectoral briefings, aiming for the sector to contribute to achieving the EU's net zero emissions target, while enhancing biodiversity. In addition to the discussions, there were four presentations by one MERLIN case study and three of the largest peat extraction sector stakeholders in Europe.

Themes discussed

The following points are not attributed to a specific participant or author and do not suggest a consensus among the participants.

What does it mean for restoration to go beyond the site level for the peat extraction sector?

The general understanding of large-scale restoration is about restoration in the landscape beyond the peat extraction sites. However, **this does not imply that the sector should undertake large-scale restoration by themselves or with their own funds.** Instead, it could mean **establishing a link between peat extraction sites and adjoining land uses.** Consequently, the discussion on this topic went beyond the spatial scale of restoration to include after-use plans; land use, land ownership; and difficulties in undertaking large-scale restoration.



- **After use plan and options:** The procedure and conditions for after use vary between countries. First, there are older licenses granted a long time ago which may be valid for decades. Such licenses are most likely without after use plans. Applying for new licenses would likely require after-use plans, although **their nature and conditions vary from country to country**. In some countries, companies are required to prepare an after-use plan, detailing how the peatland will be used following extraction. While in recent times, the after-use plans may have ecological benefits, these do not need to be about restoration (rewetting and/or revegetation), because depending on site and national legislation, there may be other preferable after-use measures such as afforestation and agriculture. For instance, while afforestation and rewetting are common after-use options in countries like Finland, Estonia and Sweden, others may prefer paludiculture, solar panels and wind turbines as after-use options based on and landowners' preference. Moreover, in some countries like Finland, "detailed after-use plans" are not prerequisites to obtain a license, nor do the environmental permit specify the after-use options. Given that extraction can take several years, **it is difficult to determine the best after-use options ahead of such a long duration**. Consequently, the after-use options are usually contingent on the landowner's preference and the conditions at the time that extraction ceases.
- **Land use & land ownership:** The land ownership and land uses surrounding the peat extraction sites were viewed as fragmented and challenges to large-scale restoration. In particular, **peat extraction companies seldom own the land on which peat is extracted**. Large peat extraction sites and their surroundings could contain several private lands. As mentioned above, the decision on the after-use options is within the remit of the landowner who by law can decide what to use their land for following peat extraction. Moreover, given that lands surrounding the peat extraction site are usually for agriculture (arable and pastoral), it is difficult for restoration to go beyond the site level. For instance, agricultural landowners want to avoid ditches and rewetting, which are among the measures for restoring peat extraction sites. Hence, it is prohibited for peat extraction companies to pose risk of waterlogging or flooding to farms and areas surrounding peat extraction sites as part of their after-use measures, including ditches and rewetting.

There were suggestions that **a comprehensive after use plan** would be relevant. **However, instead of promoting only rewetting or revegetation**, the after-use could be tailored to the site and landownership conditions and the solutions that best support biodiversity, climate, hydrological and socio-economic needs in the landscape. For instance, depending on the acceptance of landowners, there could be buffer zones linking the peat extraction sites to surrounding agricultural lands. In agricultural dominated peatlands, largescale restoration could occur through multiple small-scale measures in areas where these are possible. Moreover, since some land surrounding peat extraction sites have high water emissions, runoff water could be directed to peat extraction sites.

How can policy change enable large-scale restoration and what is needed?

Three main issues raised relate to the lack of clarity regarding land ownership rights and after-use requirements; differences across various member state policy instruments; and bureaucracies.

- **Different policy requirements throughout Europe:** Peat extraction and subsequent after-use are governed by national legislation and policies, which vary from member state to member state. While some member states favour forestry (e.g. Finland), others (e.g. Germany) may promote rewetting and renewable energy. Also, not all member states have specific after-use requirements, meaning companies may only need to meet the **environmental permit requirements**, covering site preparation, production and aftercare. **'Aftercare'** might require only removal of all infrastructure on-site and clearing the area. The following policy changes were suggested:

- **Clear policy requirements** about after-use in the respective member states or in the EU. The policies should be based on transparent dialogue and tailored to the needs of



Member State conditions. Some participants called for **standards** that are clear on what kind of restoration should be part of after-use. In particular, after-use such as agriculture and forestry are beyond the capacity and expertise of the peat extraction industry.

- Since MERLIN is motivated by the need to achieve net-zero emissions based on the EU Green Deal objectives, **the standards should also be clear on what exactly qualifies as carbon sequestration and what does not**, and **who owns the carbon that is sequestered** after restoration or other NbS, particularly due to difficulties in trading carbon credits beyond state borders. It was mentioned that **the EU carbon trading scheme could be a good foundation** for the sector to set up carbon markets. However, it is not clear whether they want the sector to be included in the EU carbon trading scheme or not. Some also think the carbon certification framework under LULUCF could be instrumental to legitimize restoration.
 - Clear policy tools to assess viability of restoration beyond site level need to be explored to enable rational decision-making about after-use. ○ Clear rules and standards regarding the business approach to restoration (discussed in next section). There should be a positive decision at the political level (both EU and MS), not just about a singular business.
- **Land ownership rights and after-use requirements:** As land ownership was a recurrent topic in the discussion, the views concern **having clear legislation and guidance regarding property rights** and what can or cannot be done on individual lands. Currently, landowners have the freedom to decide the after-use for their land, which may not always be restoration. Hence, companies cannot decide how to use another person's property. Yet, any such legislation needs to balance land ownership rights with the need for environmental protection without prejudicing landowners' rights. Policy changes would also have to clarify the cost of acquiring land for restoration, and other viable after-use options in sites where restoration is not suitable. As mentioned earlier, alternative uses should demonstrate positive impacts on climate and biodiversity.
- **National and EU-level policies should be able to incentivize** both landowners and peat extraction companies to extend peatland restoration to the wider landscape.
- **Bureaucracy and rigidity** address the difficulty in changing legislation to enable landscape peatland restoration. Increasing the water levels in ditches usually needs planning permission, a complicated and lengthy process. Even restoring already degraded peatlands requires permission, which makes it difficult to implement after-use plans to undertake restoration.

What are the sector's financing options for restoring beyond the site level?

Funding is currently inadequate for large-scale restoration because the company budgets for after-use only cover the site of peat extraction. If restoration is required, companies pay for it as compensation for extracting peat even though the peatlands were degraded before extraction commenced. Hence, **it is impossible for companies to fund restoration only from their own resources on sites that are beyond their mandates. Public funding** has been vital in some countries such as Ireland (public-private partnership) and Finland (through just transition funds). Despite the importance of public funding, it cannot sufficiently cover the costs of the required restoration. Moreover, peat extraction companies are usually not eligible for such funding mechanism.

Therefore, providing **incentives and strong business cases** could facilitate large-scale restoration. In particular, **the private sector can only play a role if there is a clear and viable business case for large-scale restoration**. Such business cases bother on developing new innovative and transformative approaches. This may include sharing carbon saving benefits and any biodiversity gain credit.

Business cases also include implementing other economically viable after-use measures instead of focusing only on restoration. Examples are canary grass cultivation (paludiculture), solar panels (renewable energy),



and sphagnum farming, which could be integrated with **NbS** to make after-use both economically viable and environmentally and socially acceptable. Suggested funding pathways include the following:

- **Incentives, subsidies and compensation:** Some participants believe that state subsidies will help to avoid double counting challenges between member states.
- **Voluntary carbon markets:** Selling carbon credits to companies is becoming a business concept in Germany and Netherlands. Yet, the carbon market is not very clear and lacks clear rules and standards about its applicability. Also, companies could receive payments for any amount of carbon saved through restoration.
- **Biodiversity offsetting:** In Germany, a new law requires peat extraction companies to rewet extracted peatlands but not on their specific site as compensation for extracting peat. Largescale restoration is also a way to stand up for the industry to play a more important role. Generally, **the one who benefits from extraction should be responsible for after-use.**
- Peat extraction companies could pay for restoration outside of their sites by a small levy on peat production. In return, the company can receive payment for the emissions saved by their restoration.

How can the peat extraction sector cooperate with other sectors within the catchment to restore beyond the site level?

The discussion of this question focused on cooperation between diverse stakeholders and land uses in the landscape and not only with other economic sectors. There was a view that **collaboration between landowners, public sector, private entities and other small players** could produce better solutions. Collaboration should **enable multifunctional land uses across landscape supported by appropriate NbS measures** (not just rewetting or revegetating). Collaboration should also balance **potential trade-offs between multiple uses**. For instance, **restoration alone may not be economically feasible**, and in some cases would not benefit **agriculture**. However, integrating other functions such as solar power and wind turbines, where appropriate, could benefit farmers and landowners. For the **Water Supply and Sanitation Sector**, restored peatlands could have a water purification and water supply effect.

Cooperation could also redirect runoff water from adjoining land uses to peat extraction areas to facilitate and maintain rewetting depending on site conditions. Moreover, the sector could make their equipment available for restoration on other sites even in different catchments. Overall, there is a sense that **catchment partnership would be the key to achieving this goal**. Some prerequisites to enable partnerships were suggested:

- Developing tools to organise stakeholders, including communities for cross-sectoral discussion and joint decision making.
- Overcoming the reluctance of some actors to link different sites and land uses.
- Showcasing evidence of how and which other uses could be combined with NbS.
- Establishing clear drivers so that it is not only about the cost of land or sustainability. Multiple drivers could include social, environmental and economic well-being.
- EU and national governments need to play a major role and provide incentives and funding.
- State authorities must be consistent with regional plans and after-use requirements.

Emerging issues and concluding points



The MERLIN project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101036337.

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For each of the discussion points, key messages are provided in Table 1¹.

Discussion point	Key messages
What does it mean for restoration to go beyond the site level for the sector?	<ul style="list-style-type: none"> → Linking peat extraction site restoration to surrounding land uses. → Going beyond site level is difficult because of land use and ownership conditions. → Apart from revegetation and rewetting, afforestation, pludiculture (e.g. cultivation of reed canary grass) are equally important options that could create valuable biodiversity. → The range of licensing conditions across EU countries need to be determined
How can policy change help to go beyond site level?	<ul style="list-style-type: none"> → Need for clear legislation about property rights, taking into account the differences between natural conditions and land use needs of Member States → Policies should be clear about the meaning of restoration and NbS and how they could be funded. → Permitting processes should make it easier for restoration to take place.
What are the sector's financing options for restoring beyond the site level?	<ul style="list-style-type: none"> → Need for a clear business case backed by data.
How can the peat extraction sector cooperate with other sectors within the catchment to restore beyond the site level?	<ul style="list-style-type: none"> → Comprehensive after-use plans induced by NbS (e.g. link between multiple uses and sectors) and catchment partnership.

In the light of the roundtable discussion, data and knowledge gaps were identified. The participants **contended that lack of up-to-date data regarding the economic value of restoration is the biggest problem at both EU and Member State level**, making it difficult to convince stakeholders. Bridging this data gap could focus on multiple areas, including but not limited to the following:

- Evidence of the amount of emissions that could be reduced through restoration and the timeline required.
- Good examples of how different approaches and uses can be combined to benefit both nature and society.
- Economic gains from undertaking large-scale restoration.
- Clear knowledge about the reliability of emerging funding mechanisms such as carbon markets.

What could MERLIN do?

The low hanging fruits for MERLIN to tackle include:

- Rethinking the cooperation points and narrowing them down. Instead of large-scale restoration by the sector, which is difficult to achieve, **MERLIN could help companies to refine their afteruse plans and consider how NbS can be integrated and make them more multifunctional.**
- Providing guidance and tools to **compare and assess the viability of different after-use options** to enable objective decision-making.
- **Expanding the on-going stakeholder dialogue and debates** about landownership rights and best after-use practices that could be **adapted** to local, regional and Member State conditions, including landownership, natural site and changes over time.

¹ These are generally the findings from the discussions, and not what MERLIN is recommending. See the section **on 'What could MERLIN do'** for those points MERLIN could take forward.



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- Promoting the role of the peat extraction sector within EU and MS policies in mainstreaming NbS in peatland restoration and achieving net zero emission.
- Providing guidance to the peat extraction sector on what net zero emissions means for it and how it could be achieved.
- Compiling and sharing **case studies of cross-sector and catchment partnership** and multifunctional after-use induced by NbS. Such cases could facilitate catchment partnership to link peat extraction sites to other surrounding land uses.

Next steps

- Obtain feedback from roundtable participants.
- Share findings from the roundtable with other parts of the MERLIN project.
- Begin plans for Peat Extraction Sector Strategy.
- Hold final roundtable in 2024 to discuss the sector strategy (date to be communicated).
- Hold the cross-sector roundtable (date to be communicated).
- Consider and provide policy change recommendations.

Please let us know if you have any comments or clarifications to add on this note. Please address your comments to Alhassan.ibrahim@hutton.ac.uk or fanni.nyiro@wwf.hu.



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