Agricultural emissions targets, strategies and policies – a 2026 update

Summary report

May 2026

Context

Beef + Lamb New Zealand commissioned a report in late 2024 to provide a high-level snapshot of agricultural greenhouse gas (GHG) reduction targets, strategies and policies in a range of international jurisdictions.

This report provides an update on developments since the publication of the 2024 report and is intended to support the discussion and decisions on the development of domestic policies to reduce agricultural GHG emissions.

Developments since the initial report

- Since late 2024, some jurisdictions have pulled back from agricultural emissions commitments, but most are still focusing on incentivising and subsidising farmers to achieve reductions in these gases.
- There is a growing distance between climate commitments and implementation. Across the jurisdictions reviewed, fiscal and political constraints are increasingly shaping how, and how fast, agricultural climate policy is delivered.
- For New Zealand, the central implication is that the competitive gap identified in the 2024 report is widening: major producing and exporting jurisdictions are directing large-scale public funding toward agricultural emissions reduction, while New Zealand's farmers are expected to adjust within a largely unsubsidised policy framework.
- There have been some changes in New Zealand, with the Government announcing:
  - agricultural emissions will not be priced
  - confirmation that agriculture would not be put into the ETS
  - revised methane reduction targets consistent with a 'no additional warming' approach
  - a commitment to review New Zealand's Nationally Determined Contribution (NDC) in line with a split-gas approach
  - limits on the amount of carbon forestry that can be entered into New Zealand's Emissions Trading Scheme (NZ ETS).

  (For more information on these, see the policy implications section below)
- The scan of other jurisdictions indicates changes to New Zealand's agricultural climate change policies are in line with the rest of the world. No country is seeking to price agricultural emissions in their ETS. The only country that is charging farmers for their agricultural emissions includes significant subsidies that more than cover this price.
- New Zealand's decision to amend its methane targets downwards has brought them to a similar level to what our major agricultural competitor Australia is aiming for. Australia has finalised its Agriculture and Land Sector Plan. Australia does not have specific targets for reductions in agricultural emissions but its plan generally aims to stabilise agricultural emissions by 2030, improve emissions intensity by 2035 and only from 2040 is Australia aiming for gross reductions in emissions from agriculture – looking to achieve a total reduction in all agricultural emissions of around 28 percent by 2050, including energy use. This could be seen as less ambitious than New Zealand's target of a 10 percent reduction in methane by 2030, though it is broadly comparable to New Zealand's 2050 objective of net zero for nitrous oxide and a 14-24 percent reduction in methane.
- Like New Zealand, Australian agriculture receives very little in the way of subsidies and is arguably the country we should be comparing our climate change policies to the most closely.
- There was controversy in Denmark around the previously mandated use of Bovaer, the feed additive designed to reduce methane emissions from dairy cows. There was significant and widespread concern from farmers about animal welfare and deaths, and sharp drops in milk production, and the government temporarily allowed farmers to opt out of the mandate while an investigation was undertaken. The Bovaer experience illustrates how implementation can be exposed to social licence and animal health concerns when mitigation relies on specific technologies. It also highlights how mandating technologies ahead of full commercial and welfare assurance carries significant risk to both farmer trust and climate delivery.

Consistent themes remain

Across the jurisdictions reviewed, agriculture continues to be addressed primarily through economy-wide targets and enabling policy, with most governments relying on public funding, incentives and land-use integration rather than introducing new sectoral emissions obligations.

While some larger jurisdictions, including the US and EU, have softened agricultural environmental policy, Denmark and California have continued to implement their plans.

Other jurisdictions, including Canada and Australia, have increased the scale of public funding for accelerating on-farm emissions practice change and multi-benefit land-use change outcomes. No country is looking to reduce overall agricultural production, but rather achieve emissions reductions through the use of new technologies or practices, where they exist.

- **The power of incentives:** The majority of jurisdictions continue to pursue mitigation through incentives, technology adoption and land-sector measures, rather than pricing emissions at the farm level. Jurisdictions (such as many EU members) are repurposing existing subsidies to subsidise farmers to adopt farming practices or technologies that could reduce their agricultural emissions or emissions intensity. Some jurisdictions, like California and Canada, have allocated carbon credits for on-farm emissions technologies to incentivise reductions. The 'pricing agriculture' model remains rare, and where it has been attempted, it has been paired with very large subsidy and compensation packages for farmers that outweigh the costs.

- **New Zealand's unique position:** This growing subsidy and incentive trend has major implications for New Zealand's pastoral exports wishing to compete in the same markets. B+LNZ is not advocating for subsidies for our sector. We support other, more creative approaches – see the 'Policy implications' section below. The challenge for New Zealand is not only to achieve emissions reductions without subsidies, but to defend that approach as sound policy in a world where billions in public spending have become the dominant signal of agricultural climate ambition. Where others point to expenditure as evidence of commitment, New Zealand must argue that avoiding large-scale subsidies is not a gap in its response, but a feature of it.

- **Emissions reduction targets:** Most jurisdictions have domestic and international targets that take a bundled approach to the three gases coming from farming activities (methane, nitrous oxide and carbon dioxide). For example, many jurisdictions have domestic targets to achieve net zero for all gases by 2050, and international commitments (NDCs) to reduce all emissions by a certain percentage by 2030 or 2050. Where explicit emissions-reduction targets exist for methane or the wider agricultural sector (notably in New Zealand, Ireland, Denmark, and California) they remain broadly stable.

- **Recognising and rewarding co-benefits:** A number of jurisdictions take this broader approach because they are looking to encourage activities that simultaneously reduce emissions and deliver wider environmental or social benefits including:

  - climate resilience
  - biodiversity and water quality
  - improving food security
  - fostering economic development
  - maintaining culturally significant areas.

  New Zealand's policies currently place relatively low importance on maximising co-benefits as agricultural emissions are reduced. A prominent example is the reliance on exotic monocultural afforestation. (See also the following point)

- **Forestry and vegetation:** No jurisdiction, other than New Zealand, is pursuing large-scale conversion of pastoral land into exotic forestry to achieve its emissions targets. New Zealand is also unique in allowing up to 100 percent carbon offsetting. Land-use policy is more commonly delivered through targeted public funding, project-based land retirement or repurposing, and co-benefit framing (water, biodiversity, rural resilience). Although New Zealand has similar programmes delivered via central government or regional councils, the scale of land use change driven by carbon forestry in the NZ ETS is unique among its counterparts.

Policy implications

The report continues to have a range of significant implications for New Zealand's approach to managing agricultural emissions. A summary of the policy recommendations from the 2024 report, with progress updates, is set out in the table below – green means positive progress, orange means some progress, and red means little progress.

Since the last report, New Zealand has changed its methane reduction targets for 2050 and the Government has decided to not pursue on-farm emissions pricing.

B+LNZ supports reductions in emissions being driven by the market and alternative ways to incentivise reductions through options like emissions reductions credits. Integrating policy approaches to climate, land and environmental management is also key.

Recommendation	Progress	Update
Clearly place the importance of maintaining food production at the heart of climate change policy.		Applying the Paris Agreement goals around food security and food production as an export nation means placing high importance on the use of technologies to achieve emissions reductions and trying to achieve objectives without reducing stock numbers. New Zealand has clarified the importance of maintaining food production as part of its changes to its emissions reduction targets and Climate Change Response Act. However, land conversions into forestry for carbon credits remain a concern.
Methane targets based on 'no additional warming'.		In 2025, New Zealand amended its methane targets based on the principle of 'no additional warming'. B+LNZ supports this as 'no additional warming' is the equivalent from a climate perspective to 'net zero' for carbon dioxide. B+LNZ is encouraging all political parties to support this approach to provide certainty to farmers, so we can focus on achieving emissions reductions.
No pricing of agricultural emissions or inclusion in the ETS.		In October 2025 the Government announced agricultural emissions will not be priced. B+LNZ supports this decision as it is in line with what the majority of our trading partners are doing – most don't intend to price agricultural emissions but are instead looking to incentivise through carbon credits or the market. A price on agricultural emissions is unnecessary as our emissions are already coming down. Since 1990 gross emissions from sheep and beef production have decreased by more than 32 percent, with a significant proportion of remaining emissions being offset through sequestration from native and exotic trees on our farms.
Create ways to incentivise and reward farmers for taking action to reduce their emissions and warming impact.		New Zealand remains at a distinct disadvantage to our competitors because there is no support matching what is provided to farmers in other countries. New Zealand traditionally does not subsidise its farmers, but alternatives could include: • rebates for the use of technologies when they come onstream (like the Electric Vehicle rebate) • allowing credits through the ETS for undertaking certain farming practices or technologies that reduce agricultural emissions • working with banks to encourage better access to lines of credit for emissions reduction action.
Reward activities that lower agriculture emissions and deliver wider environmental benefits alongside food production.		A number of countries include multiple goals in their climate change policies to maximise environmental and social co-benefits, while New Zealand currently takes a siloed approach. New Zealand could consider options for rewarding farmers for the wider environmental benefits provided by their on-farm activities, including increasing the amount farmers receive for the sequestration of natives in the ETS to account for biodiversity benefits, reduced regional council rates for land that has been retired or planted, and/or grants for pest management of native vegetation areas. New Zealand should also prioritise investigating ways to include a wider range of native vegetation in its ETS such as pre-1990 native vegetation and smaller blocks.

Recommendation	Progress	Update
Continue investment in R&D to reduce agricultural emissions.		New Zealand has invested significantly in R&D to reduce agricultural emissions, particularly for grass-based systems. A methane-inhibiting bolus is on the near horizon. Farmers must be able to choose whether or not they use new tools and technologies to reduce their emissions, however. While tools such as boluses or vaccines may be a useful choice for farmers as some customers are looking for, and may reward, more emissions-efficient products, it is critical that the proper processes are followed to ensure any tools are safe from both a consumer food safety and animal welfare perspective.
Amend New Zealand's NDC to take a split-gas approach.		The Government has committed to investigating this, and B+LNZ will continue to advocate for its importance. New Zealand is the only country that has split-gas domestic targets and an all-gas aggregated NDC target. New Zealand should strongly consider adopting Uruguay's approach of a split-gas NDC and align our split-gas NDC target for methane with our domestic methane target.
Place limits on forestry offsets for carbon emitters.		In December 2024 the Government announced new rules to limit whole-farm to forestry conversions entering the NZ ETS. While welcoming the new rules, B+LNZ remains concerned they will not go far enough.

Notes

- The original report commissioned in 2024 was written by independent consultant Macaulay Jones. He was subsequently employed by B+LNZ and, given his in-depth knowledge of this work, undertook the research for the updated report.
- The original report is here: https://beeflambnz.com/knowledge-hub/PDF/comparing-agricultural-emissions-reduction-targets-summary