



# 2030 Effort Sharing Decision

Protect the target: enhance flexibilities, eliminate loopholes

Brussels, 1 June 2016

Femke de Jong, EU Policy Director  
[Femke.dejong@carbonmarketwatch.org](mailto:Femke.dejong@carbonmarketwatch.org)



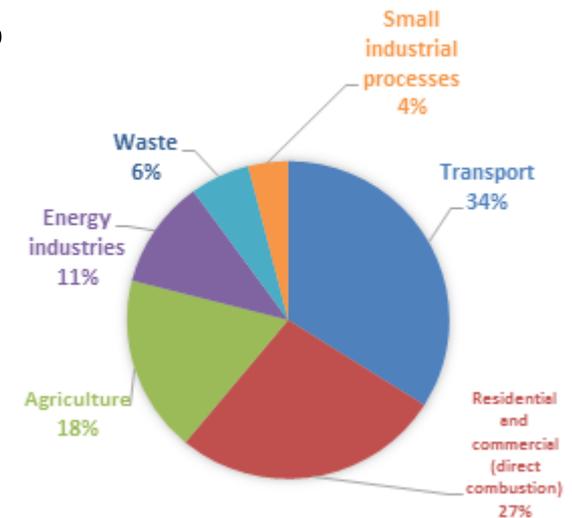
# The need for more ambition in the EU's largest climate instrument

The Effort Sharing Decision (ESD) covers around 60% of Europe's greenhouse gas emissions from the surface transport, agriculture, waste and buildings sectors.

EU leaders suggested in 2014 to set the ESD's emission reduction target to 30% below 2005 levels by 2030.

In light of the Paris agreement, and the transformation the European economy needs to undergo, this proposed target is not ambitious enough.

ESD emissions by sector (2012)

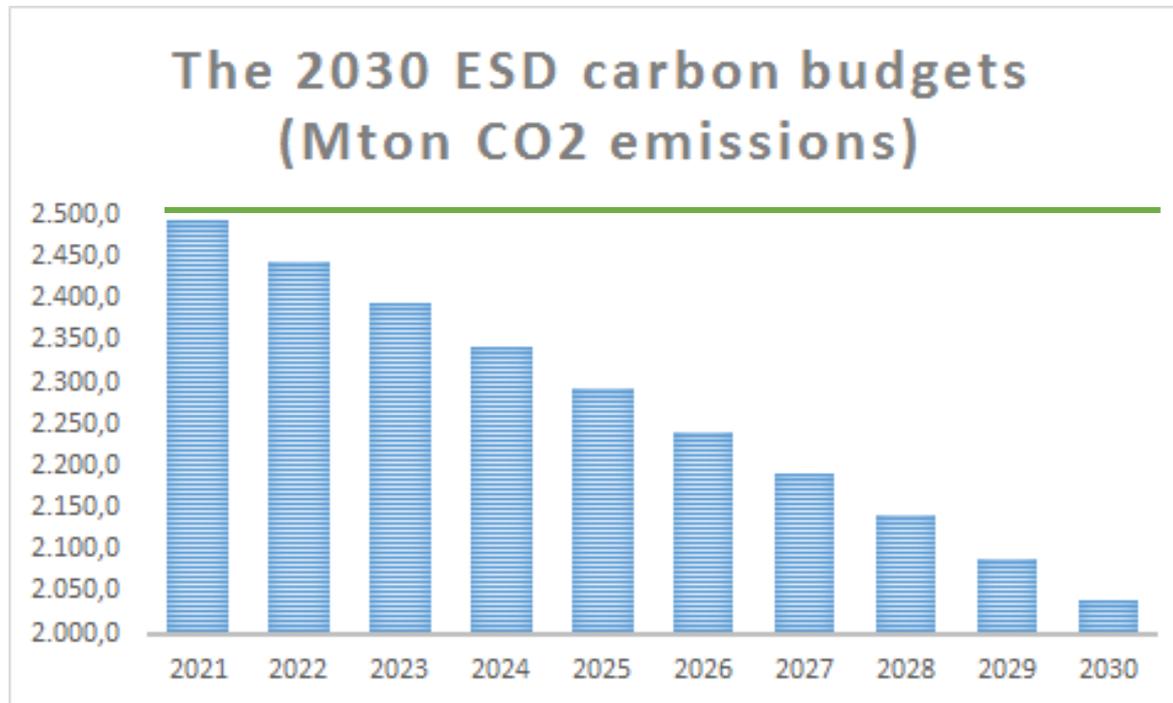


- **The 2030 ESDS needs to be in line with an overall emission reduction target of at least 95% by 2050, supported by, at minimum a 45% reduction in ESD sectors by 2030. Both objectives should be based on an EU carbon budget to stay well below 2°C and to pursue 1.5°C.**

# The Effort Sharing Decision sets EU and national carbon budgets

The Effort Sharing Decision sets each Member State a maximum amount of greenhouse gases they can emit each year. The sum of each Member State annual budgets equals the total EU emissions budget for the period.

Under the proposed target of -30% by 2030, **the EU's emissions need to be cut by a total of 2.4 billion tonnes of CO<sub>2</sub>-eq in the 2021-2030 period\***.



Projected 2020 emissions

*\*The difference between projected 2020 emissions and the proposed carbon budgets in the 2021-2030 period (Oeko-institute, 2016)*

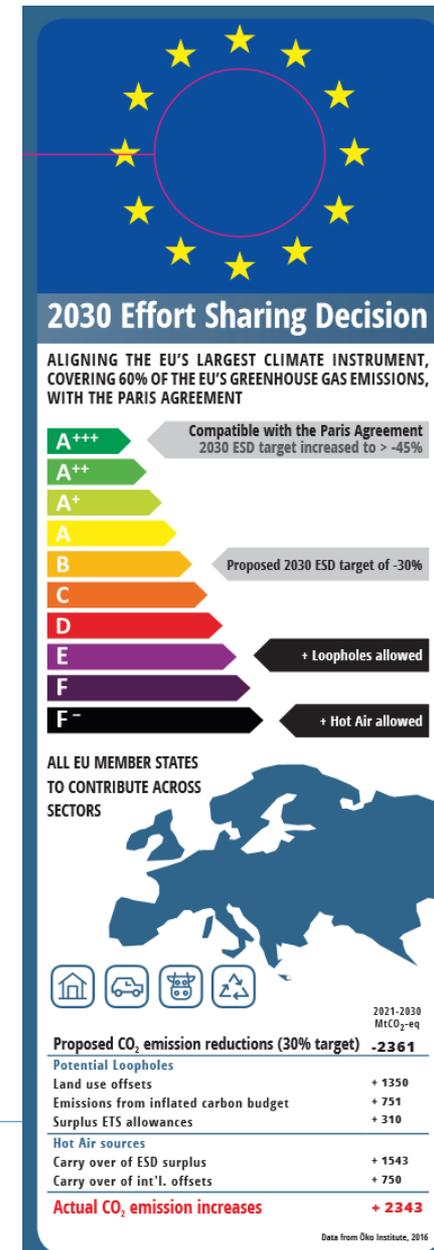
# Protect the target: enhance flexibilities, eliminate loopholes

Under the Effort Sharing Decision, Member States are allowed to make use of **flexibility mechanisms** to make it less expensive to meet their annual emission targets.

These flexibility mechanisms become **loopholes** when they undermine the efforts that Member States have to take to cut emissions.

Under the -30% target, the 2030 Effort Sharing Decision could result **emission cuts equal to 2.4 billion tonnes of CO<sub>2</sub>-eq.**

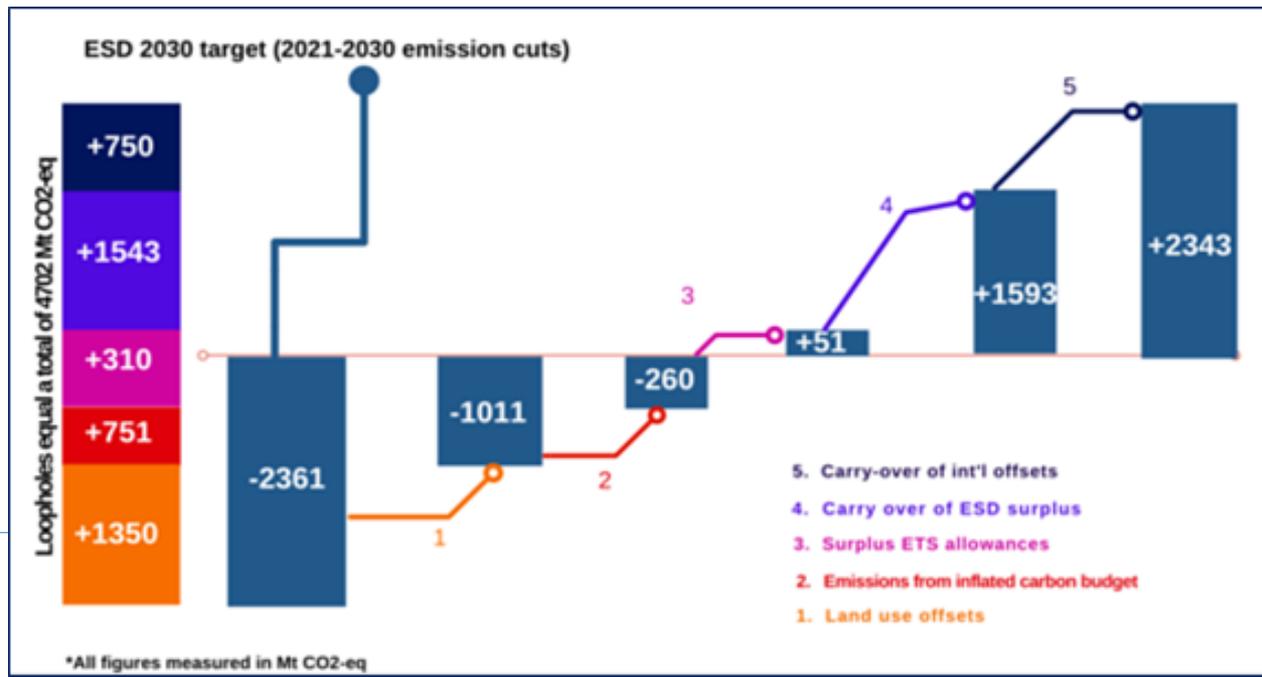
Even this (inadequate) target is at risk of being undermined by governments + stakeholders that are trying to introduce loopholes in order to minimize their contribution to cutting emissions.



# Eliminate loopholes to avoid emitting 4.7 billion tonnes more CO<sub>2</sub> than the Paris climate pledge

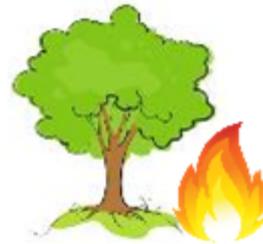
The possible loopholes include:

1. Land use offsets
2. Emissions from inflated carbon budgets
3. Surplus ETS allowances
4. Carry-over of 'hot air' from the current period to the next



# Land use offsets could lead to additional emissions equal to 1.35 billion tonnes of CO<sub>2</sub> in the ESD

**FORESTRY OFFSETS ARE NOT PERMANENT**



**LARGE ANNUAL FLUCTUATIONS**



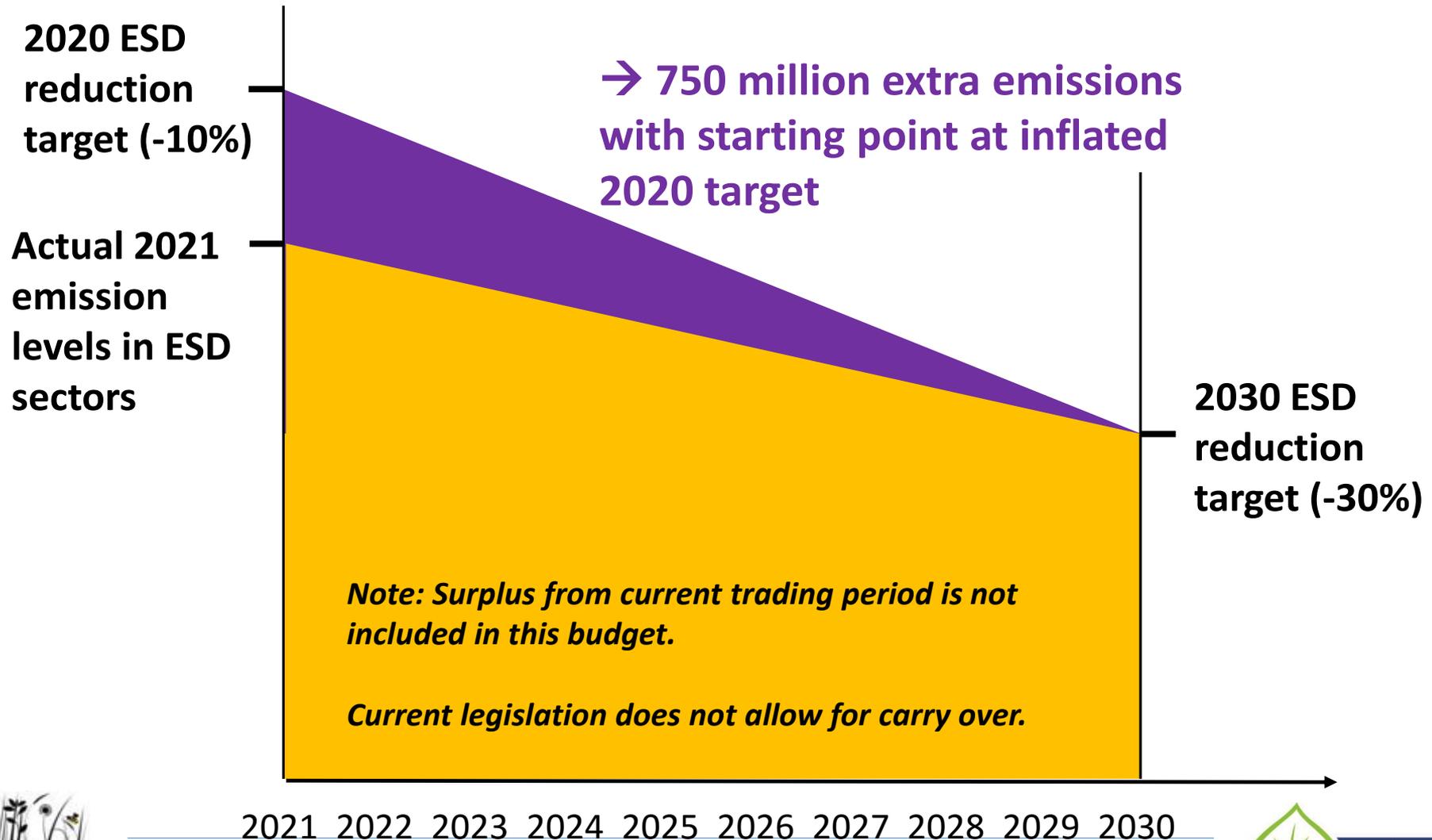
**CURRENT ACCOUNTING RULES HIDE EMISSIONS**



**NEGATIVE EMISSIONS NEEDED FOR 1,5°C**



# Inflated carbon budget could lead to 0.75 billion tonnes of extra CO<sub>2</sub> emissions

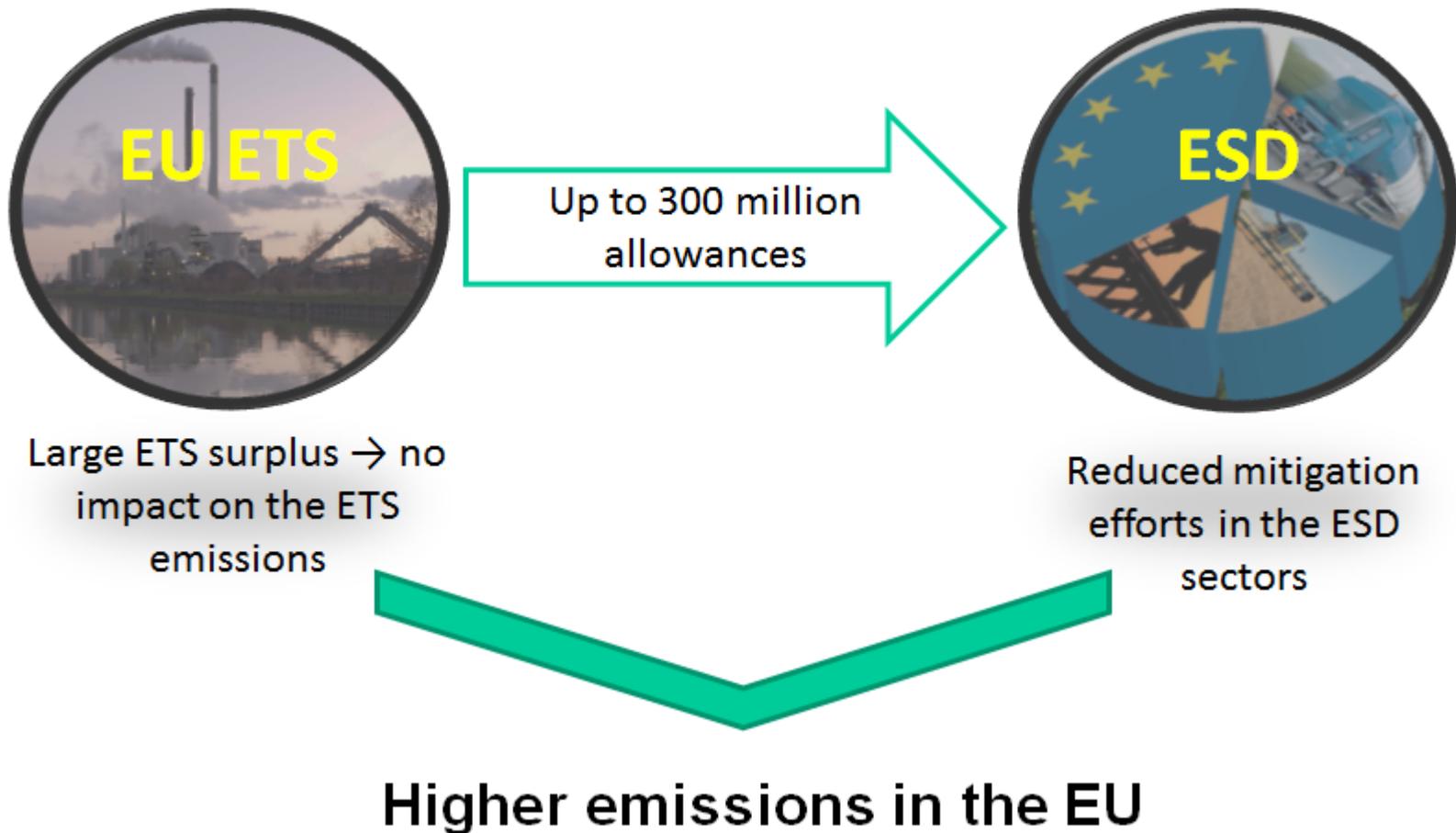


Source: CAN-E (2016)



# The use of ETS pollution permits could lead to the additional release of 0.3 billion tonnes of CO<sub>2</sub>

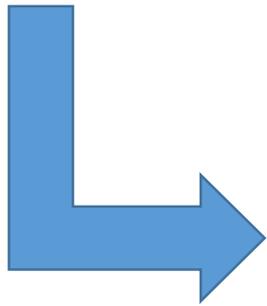
- “one-off reduction of the ETS allowances”



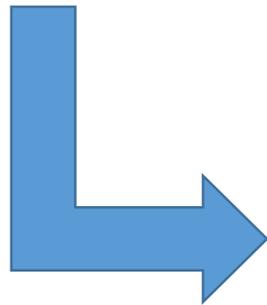
The carry-over of 'hot air' to the next period could lead to emitting an extra 2.25 billion tonnes of CO<sub>2</sub>

## ESD I

(2013-2020 period)



- Surplus of unused ESD carbon permits could add up to over **1.5 billion tonnes of CO<sub>2</sub>** by 2020
- Additionally, Member States can use, in total, the equivalent of **0.75 billion tonnes of CO<sub>2</sub>**

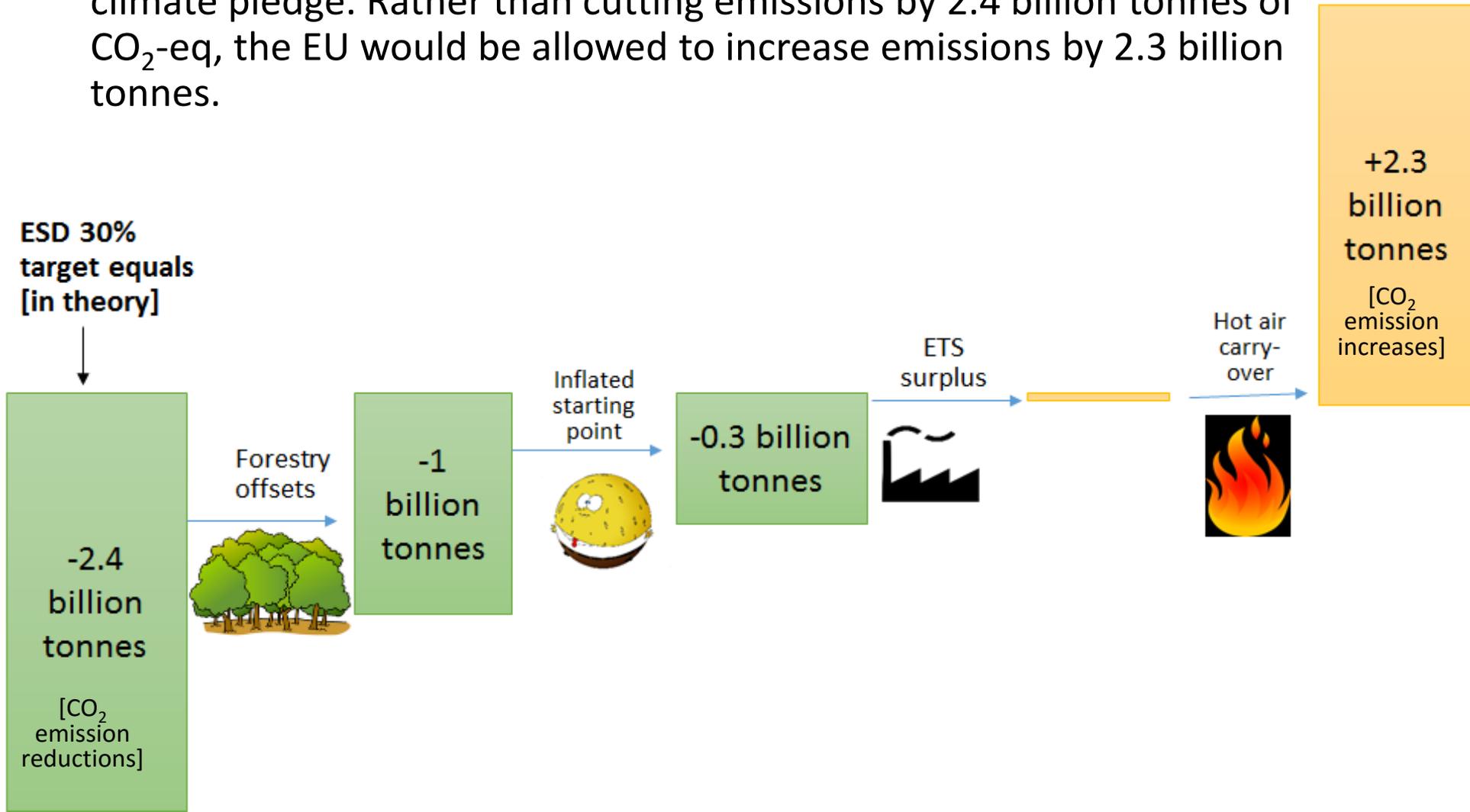


~~ESD II~~  
(2021-2030 period)

Carry-over not currently allowed

# If all loopholes are allowed, the EU would not have to cut emissions, but could increase them

The EU is at risk of emitting 4.7 billion tonnes more CO<sub>2</sub>-eq than its 2030 climate pledge. Rather than cutting emissions by 2.4 billion tonnes of CO<sub>2</sub>-eq, the EU would be allowed to increase emissions by 2.3 billion tonnes.



# Recommendations to deliver the 2030 climate target in reality – eliminate the loopholes

- **Address land and forest carbon removals separately from man-made emissions.**
- **Start counting from real emission levels, or at the 2020 target level if the latter is lower, as almost all Member States will overshoot their 2020 emission reduction goals.**
- **Ensure that the oversupply of ETS pollution permits cannot be used to undermine emission reduction efforts under the Effort Sharing Decision.**
- **Do not carry-over surplus ESD pollution permits.**

# Read more:

Policy briefing by WWF, T&E and Carbon Market Watch:

[“The Effort Sharing Decision after 2020”](#)



## THE EFFORT SHARING DECISION AFTER 2020

*Ensuring that the EU's largest climate instrument is fit for purpose*  
Policy briefing - June 2016

To match the ambition of the Paris Agreement the revised ESD for the post-2020 period should:

1. Be in line with an overall greenhouse gas emission reduction target of at least -95% by 2050 supported by, at minimum, a 45% reduction in ESD sectors by 2030. Both objectives should be based on an EU carbon budget to stay well below 2°C and to pursue 1.5°C.
2. Introduce an automatic mechanism which, every five years, allows for emission cuts to be accelerated as required by the latest science and/or allowed by technological potential, in line with the Paris Agreement's commitments.
3. Avoid loopholes which can undermine the EU's 2030 greenhouse gas reduction target, by starting the countdown to the Member States' 2030 climate targets from their actual emissions levels (rather than inadequate 2020 target levels) and by barring the use of EU ETS credits and land use offsets.
4. Robustly govern the EU's greenhouse gas emissions by ensuring that Member States produce annual, transparent and enforceable planning, compliance, and reporting documents.
5. Strengthen the coherence between sectoral policies by ensuring that emission reduction efforts made under the ESD are fully represented in National Energy and Climate Plans, and by enhancing the synergies between sectoral policies under the ESD.



Loopholes infographic [here](#)  
Infographic 2-page briefing [here](#)

