To: Mr José Manuel Barroso, President, European Commission

Subject: 2030 reduction commitment must be achieved domestically

Brussels, 17 January 2014

Dear President Barroso,

Next week, on 22 January you are expected to decide on a White Paper regarding a 2030 framework for climate and energy policies.

ACT Alliance, Carbon Market Watch, Client Earth, the Climate Action Network (CAN) Europe, the Environmental Investigation Agency (EIA), the European Environmental Bureau (EEB), and Green Budget Europe look forward to a 2030 White Paper that sets a clear roadmap towards deep emission cuts in Europe. We therefore urge you to make a clear reference in the upcoming White Paper, specifying that the 2030 reduction commitment must be achieved domestically, without the use of international offset credits.

It is our understanding that the draft Impact Assessment accompanying the White Paper, as reported through various media, shows that a under business as usual scenario, there is no demand for international credits in the EU ETS after 2020 because it would only add to the already potentially very large surplus of allowances. This remains true even where a 2030 target is set to deliver a 40% GHG reduction.

The European Commission's report on *The State of the European Carbon Market* shows that carbon offsets were "a major driver" of the build-up of more than two billion surplus in the EU's emissions trading scheme. For example, if the EU had not allowed the use of international offsets in its 2020 climate and energy package, it could have cut its emissions domestically by an additional 1400 million tonnes in the period from 2008-2012 alone.

Moreover, studies estimate that only 40% of all offset credits sold actually represent real emissions reductions. This is a serious problem and implies that the use of international offsets undermined the EU's climate goal by 840 million tonnes under the first Kyoto commitment period.

Eliminating access to international credits after 2020 will help ensure a stronger focus on domestic abatement and spur investment in low-carbon technologies in Europe.

But a carbon price alone cannot deliver the needed emission reductions. Our view is that the EU should agree a 2030 policy framework with at least 55% carbon emissions cuts within the EU, a 45% renewable energy share, and 40% energy savings.

We also insist on the importance of cancelling excess allowances in the EU's emissions trading scheme and addressing the over-supply of additional 500 $MtCO_2$ in the Effort Sharing Decision. Failing to do so will weaken any 2030 target by at least 7 percentage points.

We trust that you will take these findings into account when you make your final decisions.

Yours sincerely,

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