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Jyrki Katainen, Vice-President Maroš Šefčovič, Vice-President Miguel Arias Cañete, Commissioner Phil Hogan, Commissioner

European Commission Rue de la Loi 200 1040 Brussels, Belgium

Brussels, 08.06.2016

Subject: A Robust Effort Sharing Decision

Dear Vice Presidents, Dear Commissioners,

Next month the European Commission will propose a new Effort Sharing legislation (ESD) for the period 2021-2030. The ESD is the EU's single largest climate law and governs 60% of total EU greenhouse gas emissions. The ESD proposal is the European Union's first major climate initiative after the Paris Agreement and its ambition will be subject to intense scrutiny, both in Europe and in the rest of the world.

As per the conclusions of the Environment Council in October 2014, the European Commission will propose an EU-wide target of 30% emissions reductions for the non-traded sectors by the year 2030. In our view, this is the minimum that will be required in order to deliver our commitments under the Paris agreement. The 2021-2030 ESD will require action from the EU and Member States to decarbonize road transport, buildings and agriculture as well as other smaller sectors.

A key challenge will be to ensure **real world delivery** of the proposed targets. In the context of the Paris Agreement and the on-going vehicle emissions scandal it would be extremely damaging to the EU's credibility if the Commission were to propose a climate law that, already at its inception, is undermined by loopholes and poor compliance mechanisms.

We would like to emphasize the following:

- The connection with the Land Use and Land Use Change and Forestry (LULUCF) emissions:

The EU's forests are currently a net sink of emissions, and though this sink is declining due to an increase in wood harvests, they are playing an important role in removing CO₂ from the atmosphere. LULUCF will be essential to meet the goals of the Paris Agreement. However, LULUCF removals cannot compensate for man-made GHG emissions, which once emitted, stay in the atmosphere for centuries.

We would like to point out that LULUCF was not included in the base year emissions against which the EU's target is measured. Including the removals from the LULUCF sector in the ESD would lead to an increase in GHG emissions, the non-achievement of the 30% target, and a delay in the much needed low carbon transition in transport, agriculture and the other sectors in the ESD.

We would further like to stress that the current accounting rules, the quality of monitoring and compliance mechanisms, in particular for forest management, are inadequate. This makes forest management credits particularly unsuitable for use as credits in the ESD.

- The ESD's governance and compliance mechanisms:

Under the current ESD, Member States are obliged to report on their emissions every year. This is essential to assess whether Member States are complying with their annual emission reduction trajectories which form a key part of the ESD's carbon budget approach. Furthermore, each country must submit emissions projections and measures for them to achieve their targets every two years. Annual compliance checks must be kept in place and not be replaced by 5-yearly compliance cycles – where the EU would effectively only know in 2027 whether Member States are on track to 2030. In fact, we would support a strengthening of the current governance and compliance framework to make the ESD an instrument that can better cope with the increased ambition the Paris Agreement commits us to.

As coordinators of the ENVI Committee for our political groups in the European Parliament, we call on you to make sure the proposal for the ESD includes elements to ensure real world delivery and make it consistent with the outcomes of the Paris Agreement.

We look forward to working with the European Commission and the representatives of Member States to find the best solution to achieve the EU's climate commitments.

Yours sincerely,

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