Carbon Market Watch response to the EC inception impact assessment for the 2030 Climate Target Plan

Implementing the Paris Agreement

As the EU is a signatory to the Paris Agreement (PA), the 2030 Climate Target Plan should live up to the EU's commitment to limit the global temperature rise to 1.5°C. Moreover, we remind the Commission that the European implementation of the PA has to reflect equity and the principle of common but differentiated responsibilities and respective capabilities. These principles, as enshrined in Article 2 of the PA, will need to be developed in more detail in the impact assessment by identifying remaining atmospheric carbon budgets, and giving an indication of how the EU intends to meet its fair share of global greenhouse gas (GHG) emission reductions by 2030, and every 5 years thereafter, in line with the 1.5°C limit.

The IPCC report on Global Warming of 1.5°C has shown that ignoring this temperature threshold, entails severe additional risks to the global ecosystem and increases the chances of hitting systemic tipping points that could spiral global heating out of control. The UNEP Emissions Gap Report 2019 makes clear that global GHG pollution needs to be reduced by 7.6% per year, starting now, in order to limit global warming to 1.5°C. This directly correlates with a EU climate target of at least 65% by 2030. The impact assessment must therefore also consider emission reduction pathways beyond 55% by 2030 and an overall goal of climate neutrality by 2040 to keep the 1.5°C goal attainable.

Carbon Market Watch underlines that the EU should aim for 65% GHG reductions by 2030 and climate neutrality by 2040 as the more responsible targets and fully in line with the 'do no harm' principle. Any legislation to implement these goals should include the 'no backsliding' principle of not falling behind on previous commitments, in order to ensure progressive climate commitments over time.

Better rules to deliver climate action in all sectors

The 2030 Climate Target Plan will inevitably impact the planned revision of implementing legislation, policies and measures to ensure the delivery of the strengthened 2030 climate and energy targets. The Commission needs to develop clear sectoral decarbonisation strategies, including milestones for 2030 and every 5 years thereafter, and clear action plans that demonstrate how these strategies will be achieved and financed in all sectors.

In this context, Carbon Market Watch encourages the Commission to address:

- The potential effect of strengthened EU legislation to cover GHG pollution from international aviation and maritime sectors, especially in light of the lack of progress made by the International Civil Aviation Organization (ICAO) and International

Maritime Organization (IMO) to agree and implement long term and ambitious greenhouse gas emission reduction strategies.

- The risks of extending the EU ETS to road transport and buildings as a distraction from existing decarbonisation measures in those sectors; the social consequences of shifting the burden of the required transition in those sectors on to citizens; how the incentive for national governments to take national action to tackle decarbonisation of road transport and buildings would be undermined.
- The need for emission reductions to be the primary focus, including by ending EU dependency on fossil fuels and elaborating a scenario for a 100% renewable energy supply. This implies that any accounting and target setting for sinks, removals or negative emissions is to be kept separate.

A full cost and benefit assessment

To inform how to increase the EU 2030 target in a responsible way and in line with the 'do no harm' principle, the Commission will need to compare the benefits of improved climate action with the costs of inaction. Any assessment of increased climate action needs to include a comprehensive quantification of direct benefits (e.g. employment, public health, reduced energy costs and import dependency) and avoided costs (e.g. environmental damage, healthcare costs, fossil fuel subsidies).