Media advisory

Integrity of Europe's 2030 climate target in limbo over choice of flexibility options

Brussels, 20 October. This week EU Heads of State are expected to agree on new headline targets for the EU's 2030 climate and energy framework, including a target to reduce the EU's greenhouse gas emissions by at least 40% by 2030 within the EU's territory. Flexibility options to make reduction efforts cheaper will be decisive for the deal but might significantly undermine the climate target.

The expected decision on the new climate target, which requires unanimity amongst all 28 Member States, depends on whether countries can agree on how to divide the reduction efforts. Contrary to the existing 2020 climate target, where half of the reductions can be achieved with international carbon offsets, the new 2030 target foresees domestic emission reductions within the EU's borders.

However, some countries such as Germany, the United Kingdom and Sweden have already indicated higher national targets that would allow them to participate in international carbon markets also in the future. Almost half of the EU's countries as well as a large number of European businesses want an EU-wide target of "at least" 40% greenhouse gas emission reductions. This would keep doors open to increase the EU's pledge ahead of the climate summit in Paris next year, where a future international climate treaty to replace the Kyoto Protocol is expected.

But countries fear high costs for reductions required in sectors not covered by the EU's Emissions Trading System (EU ETS), such as transport, agriculture, buildings and waste. Instead of using international offsets, some countries such as Hungary have therefore proposed to trade emission allowances between EU Member States, so called domestic offsetting, with the aim to drive emission reductions in poorer EU countries. Others, such as Denmark do not see much in this option and have proposed that countries can use allowances from the EU ETS to meet reduction targets in these non-ETS sectors.

Eva Filzmoser, Director of Carbon Market Watch commented *"Denmark's proposal to use ETS allowances for non-ETS sector reductions is short-sighted because it does not drive the transformational change needed for deeper emission reductions in the non-ETS sectors. It also reduces demand for domestic offsets from poorer EU countries".*

Eastern European countries including Poland have proposed to carry-over hot air emission allowances that accumulated during the current 2020 climate legislation as a result of weak reduction targets and the use of international offsets. They want to bank the 1.35 billion unused non-ETS allowances for use under the new 2030 climate legislation.

"Banking of unused emission allowances is a disaster for the climate because it would effectively undermine the 40% climate target by 5%. Domestic offsetting on the other hand could provide the flexibilities needed for a deal to be struck this week." Filzmoser added.

ENDS.

Information for journalists:

- 2030 loopholes infographic: http://carbonmarketwatch.org/eu2030-loopholes/
- Reaction to leaked 2030 council conclusions dated 16 October here

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