Analysis of options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage

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The Committee on the Environment, Public Health and Food Safety adopted the own-initiative report by Bas EICKHOUT (Greens/EFA, NL), in response to the Commission Communication 'Analysis of options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage'.

Members welcome the 2010 Commission Communication concluding that stepping up to a 30% target, which would be more consistent with the developed countries' target of reducing greenhouse gas emissions at the high end of the 25-40% range for 2020, would be technically feasible and economically affordable.

Internal reduction by 25% : the report notes that according to the Commission Communication 'A Roadmap for moving to a competitive low-carbon economy in 2050', the EU could decrease its emissions internally by 25% or more by 2020 by fully implementing renewable energy and the energy efficiency target. It notes however that the roadmap does not set a new target and stresses that attention needs to be paid to the economic and social consequences in Member States.

The committee welcomes the roadmap for moving to a competitive low-carbon economy in 2050 setting long-term targets reconfirming the EU's objective of reducing greenhouse gas emissions by 80-95% by 2050 in order to keep climate change below 2°C. It takes note of the fact that 80% of the reduction by 2050 has to be provided internally within the EU and that a linear reduction makes economic sense. Members call for the Commission to come forward, as soon as possible and **before the end of 2011, with proposals to achieve a 25% internal greenhouse gas reduction by 2020** consistent with a cost effective pathway to the 2050 objective as outlined in the 2050 Roadmap, and to move to a 30% overall target for 2020.

Options and tools: the committee calls for the application of a general principle that the EU should follow the most cost-effective pathway to reducing CO2 emissions while supporting the **timely deployment of promising innovative technologies and investments** which are in line with the EU's long-term climate target. It stresses that a comprehensive range of measures, such as incentives for additional investment, growth-oriented fiscal policy and public procurement, is necessary to ensure that economic growth and the reduction of both unemployment and greenhouse gas emissions reinforce each other.

The Commission is asked to **analyse regularly and ensure that the cost-effective sharing of the additional effort between ETS and non-ETS sectors** remains the same as under the climate package. Members call therefore for Member States to enhance their efforts in innovative investments and the implementation of provisions in existing energy savings directives to achieve more ambitious targets.

The report stresses the need to :

- curb CO2 emissions in the **transport sector** through the provision of standardised European infrastructures for electric vehicles and more incentives to use sustainable second-generation biofuel as an alternative to fossil fuels. Members call for the use of public transport to be increased;

- ensure **public financing mechanisms** to facilitate a transition to a cleaner energy mix in Member States;
- develop a **policy structure** that makes climate policy an opportunity for industry instead of a threat;
- specific targets, that are not linked to ETS or the effort sharing, for **EU land use**, land use change and forestry (LULUCF), ensuring the permanence of emission reductions and the environmental integrity of the sector's contribution to emissions reductions;
- to ensure that **EU agricultural policy** instruments incorporate incentives for reducing the climate impacts of agriculture, including through support under the first pillar.

Further opportunities and challenges: Members consider that potential changes in labour and energy costs as a result of EU climate change policies should not lead to social dumping or carbon leakage, and they call on the Commission to investigate any such risks. The Commission is asked to support, on the one hand, measures to meet labour market requirements arising from the change to a low-carbon economy and, on the other, restructuring measures covering workers who become available in the new sectors.

The report stresses that according to the IEA's World Energy Outlook 2010 **the 2°C goal can only be achieved if current commitments are vigorously implemented in the period to 2020 and by much stronger action thereafter.** It calls, therefore, on the Commission, the Council and the European Council to push for more rapid, internationally coordinated implementation of the abolition of fossil-fuel subsidies agreed by the G20 and to present corresponding proposals at EU level. Members also emphasise that the EU must maintain and even **reinforce the necessary pressure on third countries** to deliver their share of global greenhouse gas reductions in the future.

The Commission is asked to take the following practical measures:

- assess the effects of domestic emissions-reduction policies on employment, including job opportunities, and promote the improvement of low-carbon literacy, energy-related reskilling and upskilling needs and education and training, in particular for SMEs;
- analyse to what extent Member States meet their commitment to spend at least 50% of the auction revenues on mitigation and adaptation measures, and propose measures, if necessary;
- analyse the impact of the EU's increased emissions reduction targets at Member State level, as indicated in the Environment Council Conclusions of 14 March 2011;
- provide proper financing for the SET-Plan;
- promote the efficient use of the Structural and Cohesion Funds by the Member States, in particular for energy-efficiency measures, whilst taking full account of the principle that such investments must be regional and reduce economic and social disparities within the EU;
- introduce innovative financing mechanisms (such as revolving schemes);
- earmark additional funds for weaker and disadvantaged regions to cover measures in non-ETS sectors (buildings, transport, agriculture);
- give priority to climate and energy research under the Eighth Research Framework Programme, including energy efficiency, and to research into the causes of climate change and adaptation to it;
- analyse what impact a unilateral move by the EU beyond 20% greenhouse gas emissions reductions could have on other countries' willingness to join an international agreement;

- investigate the potential impact in terms of green jobs' leakage and reduced investments and competitiveness in green sector.