

Roadmap for moving to a competitive low carbon economy in 2050

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The Committee on the Environment, Public Health and Food Safety adopted an own-initiative report drafted by Chris DAVIES (ADLE, UK) in response to the Commission Communication entitled “Roadmap for moving to a competitive low carbon economy in 2050”.

The report endorses the Commission’s Roadmap to a competitive low carbon economy in 2050, together with its trajectory, the specific milestones for domestic emission reductions of 40%, 60% and 80% for 2030, 2040 and 2050 respectively, and the ranges for sector-specific milestones, as the basis for proposing legislative and other initiatives on economic and climate policy.

The Commission is called upon to:

- **set interim greenhouse gas emission reduction targets for 2030 and 2040**, including concrete objectives for each sector, and in particular agriculture, together with an ambitious timetable; these targets should follow a linear trajectory between current emissions levels, the 2020 objective and the 95 % reductions to be made by 2050;
- **bring forward within the next two years the measures necessary to achieve the 2030 objectives**, taking into account particular national capacities and potentials, as well as international progress on climate action;
- **present a cost-benefit analysis of meeting the proposed pathway at Member State level**, taking into account national circumstances stemming from different technological development, as well as the necessary investments (and the attendant social acceptability).

Members underline that moving to a low carbon economy would have **significant potential for creating additional jobs**, while securing economic growth and providing a competitive advantage for European industry.

(1) The international dimension: Members note that the worldwide development and application of low carbon technologies is increasing rapidly, and that it is essential for Europe’s future competitiveness to **increase levels of investment in research, development and application in relation to these technologies**.

It notes the shift in sustainable scientific and technological innovation away from Europe to other parts of the world, which may lead to the EU losing its technological leadership in the field and turn it into a net importer of these technologies and the related finished products. For example, China is the world leader in terms of installed wind farm capacity, that Chinese and Indian producers are among the top ten wind turbine producers, and that China and Taiwan currently manufacture most of the world’s photovoltaic panels.

Members highlight the **importance of European added value for the development and domestic production of technologies and products**, in particular for energy efficiency and renewables. They call on the Commission and the Member States to take steps to promote the eco-efficient development and production in the EU of these technologies and of the new and innovative technologies that are needed to achieve the ambitious targets for the reduction of greenhouse gas emissions.

The EU is called upon to continue to play an active role in the international negotiations to finalise an ambitious, comprehensive and legally binding agreement. The EU must also continue to act constructively in global climate negotiations, and that European climate diplomacy needs to be further developed under the umbrella of the EEAS.

(2) The Emissions Trading System: the report recognises that the EU Emissions Trading System (ETS) is the principal instrument, although not the only one, for reducing industrial emissions and promoting investment in low carbon technologies. Members call on the Commission to adopt measures to correct the failings of the ETS in particular by taking the following steps before the end of 2012:

- recalibrating the ETS before the commencement of the third phase, by setting aside a significant amount of allowances so as to restore scarcity;
- proposing legislation at the earliest appropriate date to modify the 1.74 % annual linear reduction requirement so as to meet the requirements of the 2050 CO₂ reduction target;
- **including transport in emissions trading;**
- establishing, from the earliest possible date, a **reserve price for auctions of allowances**, with that price being set at a level which is below the carbon price envisaged when the current legislation was approved so as to avoid carbon leakage, but is sufficient to provide reassurance for firms making long-term investments;
- **stimulating demand within the ETS** by proposing extensions to include emissions from fossil fuels sold from the heat and transport sectors that are not directly exposed to international competition, as also from the maritime shipping sector;
- **further improving the use of offset mechanisms**, for example by limiting access to offsets that subsidise Europe's industrial competitors, as in the area of Hydrofluorocarbons (HFCs).

The report acknowledges that, in order to achieve the targets of the Low Carbon Roadmap, not only the ETS but also the Effort Sharing Decision (Decision No 406/2009/EC of the European Parliament and of the Council) will have to be adjusted.

(3) Carbon leakage: Members insist that the transition to a low-carbon economy should be underpinned by a reasonable and measured regulatory approach. They affirm that administratively and financially burdensome environmental compliance has a significant impact on employment and output in energy-intensive sectors, and increases the risk of carbon leakage, while also forcing businesses and therefore jobs out of the EU. They concur with the Commission's view that border adjustment measures or measures including imports in the ETS would need to be combined with full auctioning to the sectors concerned. The Commission is called upon to:

- produce an analysis of sectors for which free allocation of allowances fails to prevent carbon leakage;
- put forward proposals for border adjustment measures requiring importers of products in these sectors to purchase allowances equivalent to those which would have been required if the product had been manufactured in the EU;
- provide Member States with guidance for the adoption of any measures intended to compensate industries proven to be exposed to a significant risk of carbon leakage for indirect costs relating to greenhouse gas emissions as foreseen in the directive as soon as possible.

(4) Energy efficiency: the report calls for **rapid action, greater ambition and stronger political commitment** in terms of achieving the 2020 targets and looking beyond 2020, thus attracting appropriate investment. It calls for an **increase in resources and measures to mobilise new sources of funding** at European and national level, including through new financing instruments and highlights the importance of private investment in order to overcome the current budgetary constraints in the public sector.

It calls for **acceleration of the work under the Ecodesign Directive (2009/125/EC)**, for strict application of the least life-cycle cost principle or for implementing measures to be set at the level of the best performers, as well as for minimum requirements also to be set for non-electrical products. Members also call for work under the Eco Design Directive to include heating equipment, boilers and insulating materials that can facilitate reductions in energy and resource use while enabling greater recycling, as well as for the extension and development of labelling requirements that can assist consumers in making informed decisions.

The report stresses the need to update the [Energy Efficiency Action Plan](#) with binding targets including a full range of genuine, quantified measures across the energy supply chain. It states that in order to achieve the 2020 energy efficiency objective an **adequate degree of harmonisation of European efficiency standards** should be guaranteed.

The Commission is called upon to: (i) support efforts made by Member States to promote energy efficiency by putting in place stable long-term incentives schemes to promote technologies which are most effective from a cost-benefit perspective; (ii) establish specific measures in order to tackle the reverse incentives that occur between the consumers and the distributors of energy; (iii) introduce a **long-term target for the reduction of energy consumption of the EU building stock by 2050**.

(5) Renewable energy: the report calls on the Commission to develop a biomass supply policy to encourage sustainable biomass production and use. It emphasises that this should include sustainability criteria for different biomass taking into account lifecycle carbon profiles of different sources, with priority being given to securing first value from biomass raw materials rather than their use for energy. Members insist that meeting the EU's biofuels target must not adversely affect food and feed production or lead to a loss of biodiversity.

They underline the important role of renewable energy, including innovative developments in this field, and the **urgent need for better solutions as regards storage, increasing energy efficiency and ensuring efficient energy transmission, including appropriate infrastructure measures**.

Stressing that meeting the targets set in the national renewable energy action plans is crucial for the achievement of the overall EU targets for 2050, Members consider that the **Commission should take measures if national targets are not met**.

(6) Power generation: the report maintains that Member States should have the **widest possible means of achieving low carbon electricity generation** (including renewable energy sources, nuclear power, use of carbon capture and storage technology, and sustainably produced biomass), and that none should be excluded from the range of options available to meet the requirements.

Members call on the Commission to assess the effectiveness of mechanisms that enable sound operation of the electricity market in a low carbon economy, and if necessary to **submit legislative proposals** for the closer integration of crossborder electricity markets and for other measures to address the need to determine the balance and availability of generation capacity. They call on the EU to commit itself to the **total decarbonisation of the energy sector by 2050**. They invite the Member States and the Commission to invest more in the energy infrastructure necessary for the transition to a sustainable economy.

The report draws attention to the fact that the current 20 % target is based on the contribution made by nuclear power to the energy mix in number of Member States. They reiterate that the decision by some Member States to shut down some existing nuclear reactors must not serve to justify reducing the level of ambition of their current climate policies.

(7) Transport: Members endorse the requirement of the Commission Roadmap to a Single European Transport Area to reduce greenhouse gas emissions from transport by 60 % by 2050 compared to 1990

levels in the EU. They call on the Commission to come forward with interim emissions reduction targets for the sector in order to ensure that sufficient action is taken at an early stage.

The Commission is called upon to:

- propose ways of ensuring that average CO₂ emissions by new cars meet the agreed 2020 target of not more than 95g/km by 2020, and do not exceed 70g/km by 2025;
- include maritime transport in its roadmap and, in the absence of an international agreement to reduce emissions from shipping, to propose legislation so that these emissions are included in the Community reduction commitment with the aim of the proposed act entering into force by 2013;
- put forward proposals to improve the fuel efficiency of heavy goods vehicles, and, in its 2013 review of legislation on emissions from light commercial vehicles, to take greater account of the need to improve fuel efficiency so as to reduce the cost to business of increased fuel prices;
- take immediate steps to ensure that the test cycles used to evaluate emissions from new cars accurately reflect the realities of the use of such vehicles in normal driving conditions.

Members call on the Commission and the Member States to **consider it a priority, with a view to reducing transport pollutant emissions, to invest in developing a pan-European intelligent energy network** that can harness energy generated at local and regional level, including from renewable sources, and which helps to develop the necessary infrastructure for the use of electric vehicles.

(8) Agriculture: Members call on the Commission to propose specific measures to reduce greenhouse gas emissions and promote efficiency gains from the use of agricultural land and reduce the use of fossil fuel based fertilisers, taking particular account of the role of agriculture as producer of food (rather than fuel). They also call on the Commission to step up research on the functioning of different kinds of agriculture and effective agrienvironmental practices, with due respect for prevailing climatic conditions.

The report calls for the necessary measures, including research funding, education efforts, investment aid and other incentive-based initiatives, to be implemented under the CAP in order to support and enable the use of agricultural and forestry residue in the production of sustainable energy. It calls for specific targets for EU land use, land use change and forestry (LULUCF), ensuring the permanence and environmental integrity of the sector's contribution to emissions reduction.

(9) Financing: the report supports the proposals made by the Commission for the Multiannual Financial Framework 2014-2020 to provide dedicated funding to increase investment and promote the development and application of low-carbon technologies. It endorses the intention to mainstream climate-related funding of the total MFF and earmark 20% of the European Regional Development Fund (ERDF) for renewable energy and energy-efficient investment.

Members recall that the **long-term economic costs** of not taking action to prevent climate change far outweigh the short-term costs of taking strong and decisive action now. They call on the Commission to explore and consider **complementary and innovative funding sources**, including the potential use of regional development funds, in order to further promote the development and application of low-carbon technologies. They also call for coordinated action aimed at identifying and phasing out all environmentally harmful subsidies by 2020, in order to support budget consolidation and the transition towards a sustainable economy. The Commission is invited to publish, by the end of 2013, a communication indicating all means by which the EU budget is used to justify financial support, directly or through Member States, to activities that contradict the objectives of its Low-Carbon Roadmap.

Lastly, as regards **industry**, the report insists that EU support for the 'green economy' should recognise the importance of investment by existing industries used to significantly improve the efficiency of resource use and reduce CO₂ emissions and to reach the EU 2020 Strategy targets on green jobs creation.