Binding annual greenhouse gas emission reductions by Member States from 2021 to 2030

2016/0231(COD) - 20/07/2016 - Document attached to the procedure

The Commission presents a communication entitled '**Accelerating Europe's transition to a low-carbon economy**', which accompanies:

- the legislative proposal on binding annual greenhouse gas emissions reductions by Member States from 2021 to 2030;
- the legislative proposal on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework.

The series of measures set out in the communication aim to offer those Member States that have already started to prepare their **post-2020 energy and climate strategies** with the necessary clarity and tools to proceed with the domestic ratification process of the Paris agreement in climate change.

The Commission considers that the **package of measures helps Europe to prepare for the future and to stay competitive**. These measures are primarily addressed to Member States, since they will be in the forefront of deciding how to implement measures to meet the agreed greenhouse gas emission target for 2030.

However, Member States cannot do it alone. The EU must also:

- **support its businesses, farmers, researchers, investors, educators and social partners**, by providing EU-wide measures and enabling environment ;
- **support action by its rural communities and also its cities**, which are among the most dynamic and innovative actors in implementing a low-carbon, circular economy.

In the current global context, the Union must support its climate diplomacy action plan and seek to:

- **remain a leader in developing innovative low-carbon technologies** and services, not only in the energy sector but also in industry, buildings and transport;
- **continue to equip Europeans with the right skills** for the low-carbon economy, invest in the future and help industry to adjust to changing needs.

Guiding principles of a regulatory framework: the EU agreed in October 2014 a clear commitment to reach a **binding, economy-wide emissions reduction target of at least 40% by 2030,** compared to 1990 levels in all sectors (buildings, transport, waste, agriculture, as well as land-use and forestry). The new regulatory framework is based on the key principles of fairness, solidarity, flexibility and environmental integrity.

To start implementing that commitment, in July 2015, the Commission presented a proposal to reform the EU Emissions Trading System (ETS) to make it fit for purpose and drive investments after 2020 in the industrial and power sectors. The European Parliament and the Council should do their utmost to adopt this proposal quickly.

To ensure fairness and solidarity, embedded in the climate and energy framework for 2030 as agreed by the European Council, the Commission proposes differentiated national emission reduction targets for 2030 that take account of the gross domestic product of each Member

State to reflect relative wealth. The levels of the targets for individual richer Member States are further adapted among themselves to take into account cost-effectiveness.

Furthermore, the proposal creates a flexible system in which Member States can reduce emissions jointly, across a number of sectors and over time, reflecting also the different structure of Member States' economies. It will allow trade in emission allocations between Member States or the development of projects to reduce emissions in other Member States. This mechanism will facilitate investments flows across the EU regions towards where they are most needed to modernise the economy.

Fostering the enabling environment for low-carbon transition in the EU: building on this regulatory framework, the EU will support Member States with a number of tools and enabling measures.

Strategy for Energy Union and other sectoral initiatives:

- the Commission is presenting a **strategy on low-emission mobility**, which identifies the key levers in the field of transport, including EU-wide measures on low and zero-emission vehicles and alternative low emissions fuels. The strategy also underlines the need to make the most of the synergies between the transport and energy systems;
- the Commission is reviewing the existing EU-framework for energy efficiency and will present proposals later this year, including on how to attract financing into buildings renovation;
- the land-use and forestry proposal will create additional incentives for carbon sequestration in these related activities;
- with regard to the common agricultural policy, the review of EU-wide policy addressing the use of fertilisers is expected to contribute to a reduction of emissions from mined and synthetic fertilisers;
- the Waste Management Framework Directive and in particular the Landfill Directive, for which the Commission proposed revisions last year, are expected to contribute to a significant reduction of emissions from waste.

Several factors outside this framework can help to facilitate energy transition in all sectors of the economy. The Commission notes the following:

- meet the challenges of the **circular economy** (an ambitious circular economy package was presented in 2015);
- present an integrated Energy Union **strategy for research, innovation and competitiveness** later this year, in order to directly support the achievement of Europe's climate and energy goals;
- increase efforts for **shifting and rapidly scaling up private investment**: the recent emergence of green bonds can also help direct capital flows towards low-carbon investments;
- ensure that the current EU **budget** spending is aligned with the climate objectives;
- explore ways to combine the resources available under other EU programmes, as for example the Connecting Europe Facility or Horizon 2020 to unlock additional investments, in particular through **investment platforms** ;
- **anticipate and mitigate the societal impact of the transition** in specific regions and socio-economic sectors, including through the European Structural and Investment Funds;
- **improve skills intelligence and address skills shortages** in specific economic sectors including green technologies in the framework of the new comprehensive skills agenda for Europe;
- as a member of the World Trade Organisation, actively promote **liberalisation of goods and services**, which can deliver environmental benefit.

The Commission will immediately **start or accelerate better regulation processes** (including public consultations and impact assessments) to turn the action plan on low-emission mobility into a set of efficient and proportionate measures. By the end of the year, it will also present the remaining initiatives to complete the delivery of the EU's Energy Union Strategy.