



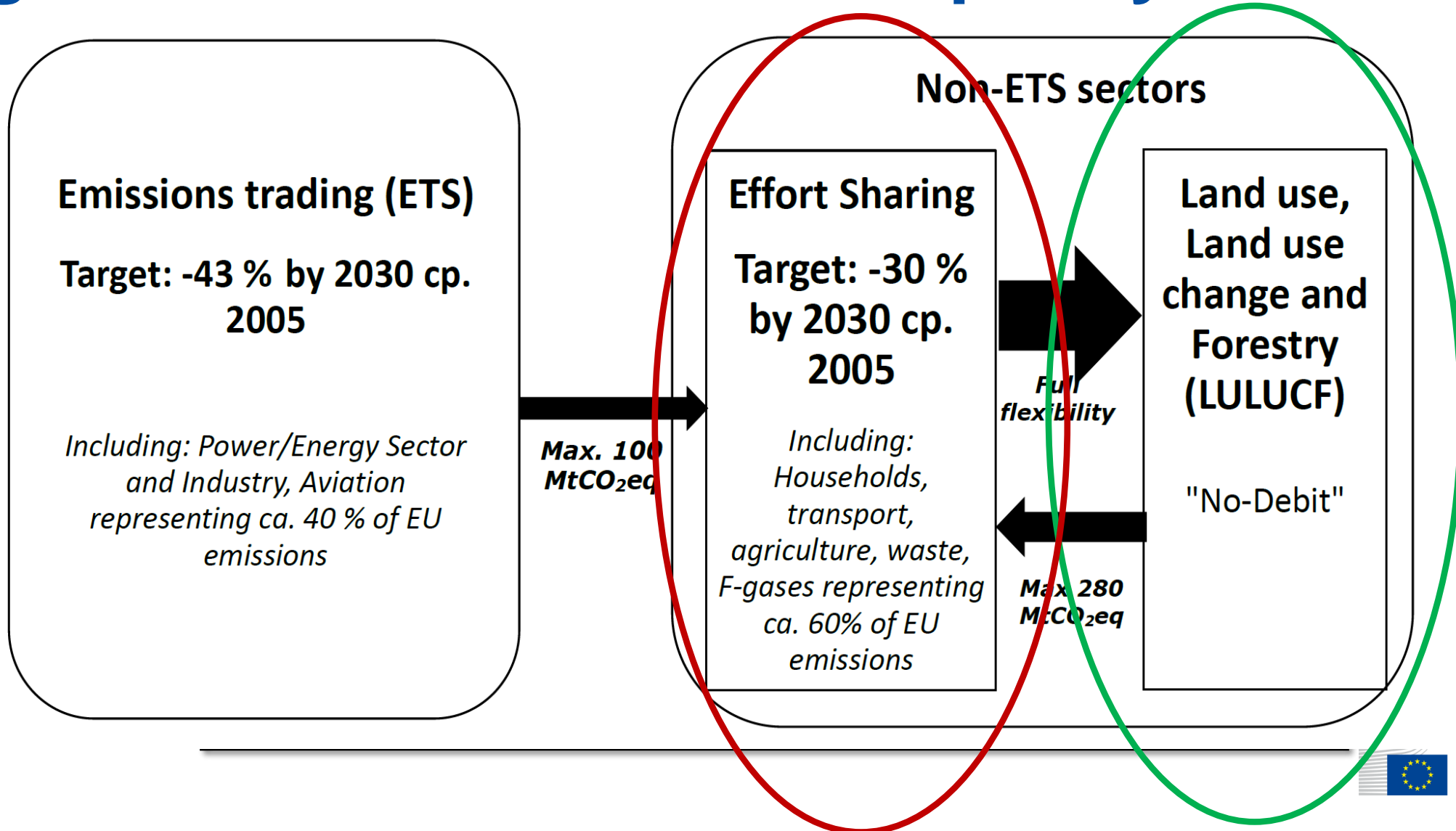
# EU climate policies: the Effort Sharing Regulation, land use, carbon removals

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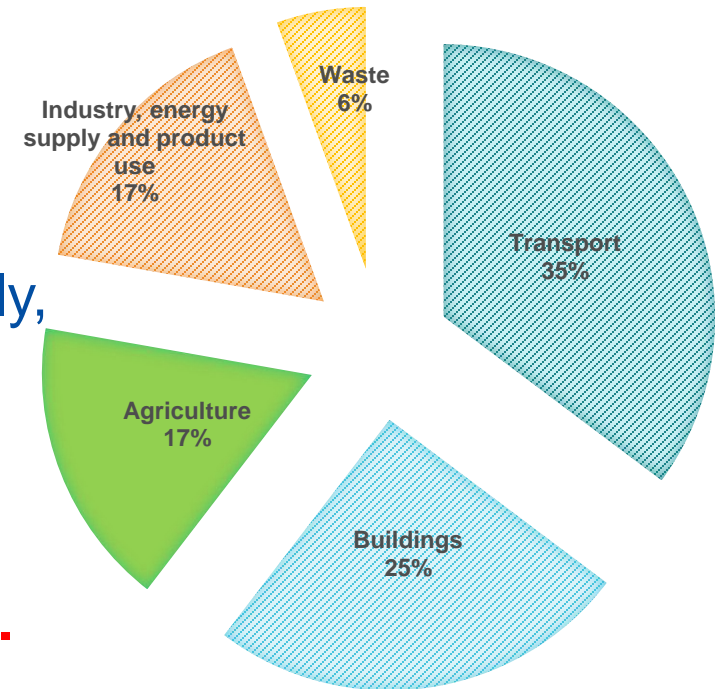
EU-China climate policy seminar, Brussels/Beijing, 31 August 2021

# Current Effort sharing Regulation & LULUCF Regulation in the EU climate policy framework



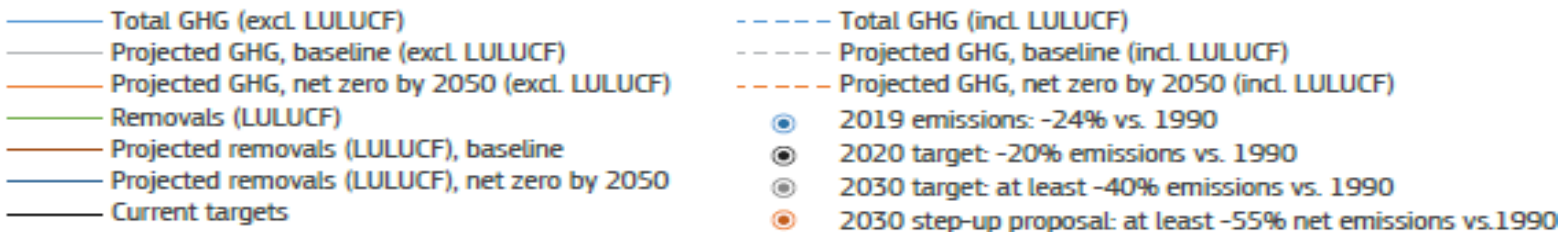
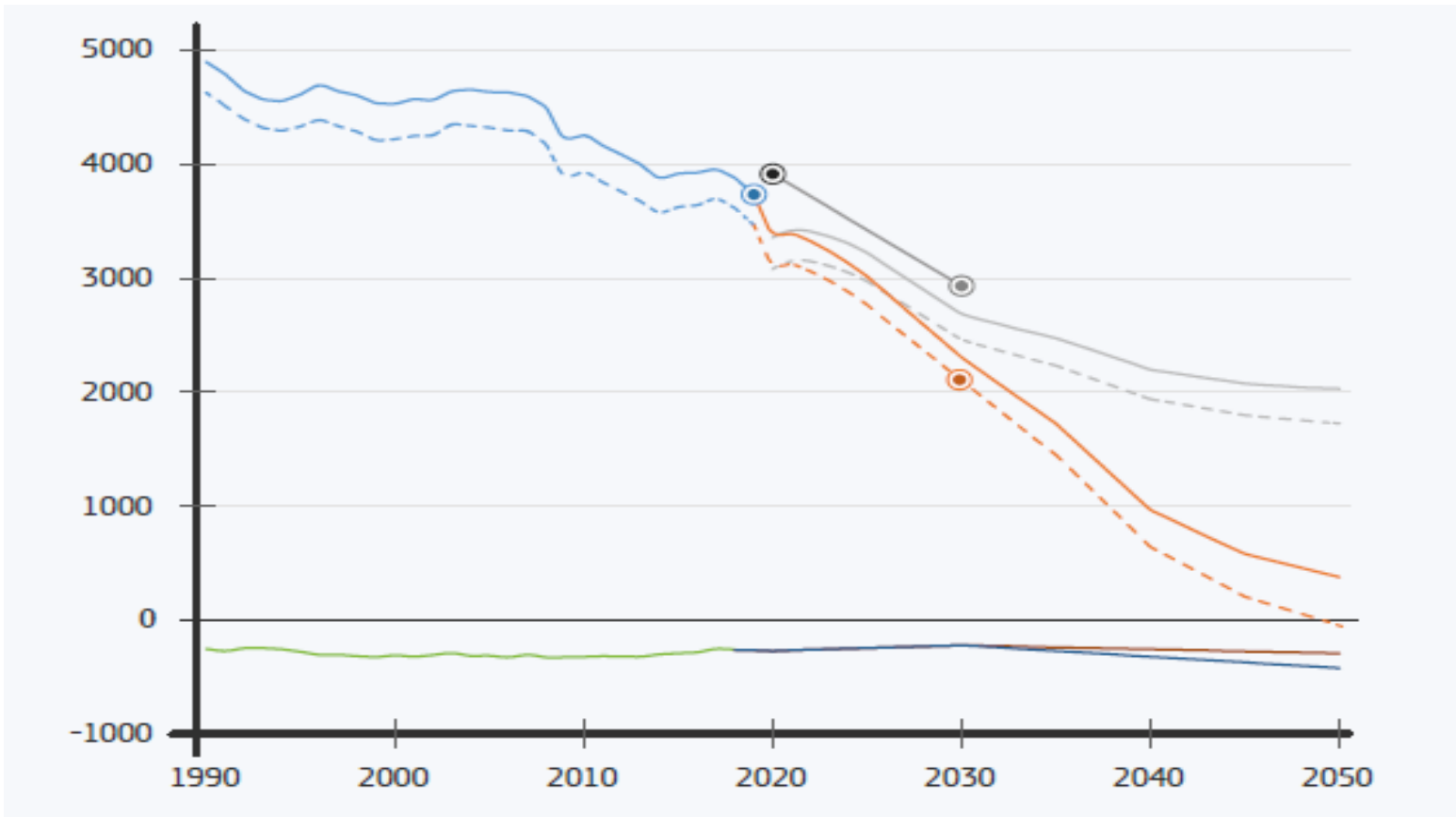
# Effort sharing in the EU climate policy toolbox

- Setting each Member State's contribution towards the EU-level 2020 and 2030 greenhouse gas emission reduction targets
  - > Binding annual greenhouse gas emission limits for each Member State.
- Almost 60 % of EU domestic greenhouse gas emissions.
  - > buildings (direct fuel use), transport, agriculture, non-ETS industry (small and medium-sized enterprises, some non-CO2 greenhouse gases), non-CO2 energy supply, product use (F-gases), waste.
- Effort sharing sectors' EU level emissions reduction targets:
  - > by **2020**: -10 % relative to 2005 levels,
  - > by **2030**: -30 % → **NEW TARGET : -40% relative to 2005.**



# EU policies yield results

- For 2020, the EU has a target of reducing greenhouse gas emissions, relative to 1990, by 20%.
- We are on track to meet the target
  - > 2019: emissions declined by 24% since 1990
  - > while the economy grew by 60%



Source: Kick-starting the journey towards a climate-neutral Europe by 2050 – EU Climate Action Progress Report, 30.11.2020, COM (2020) 777, European Commission

# How does the effort sharing legislation work?

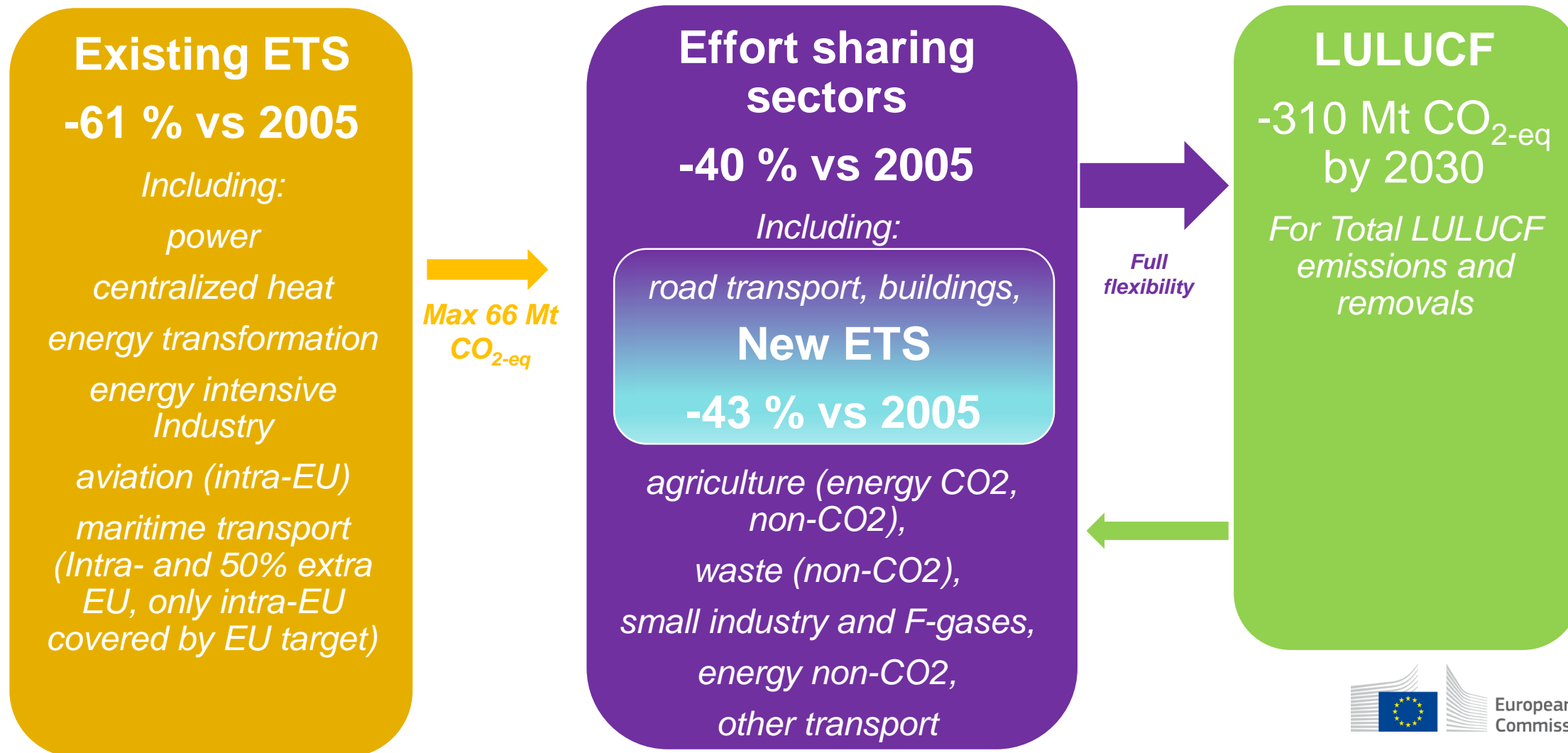
- Binding annual greenhouse gas emission limits for Member States 2013-2020 and 2021-2030.
  - > **fair**: national targets are based on GDP per capita, reflecting capacity to act
  - > **cost-efficient**, by adjustments to cost-efficient reduction potential and flexibilities
  - > ensures **environmental integrity**: compliance with EU objectives
- **Flexibilities** help Member States reach the targets cost-effectively
  - > banking and borrowing; transfers across Member States
  - > ETS and land use flexibilities for some Member States
  - > Limited international project credits (until 2020, but not afterwards)
- **Annual reporting and compliance** obligations for Member States.
  - > The Commission reviews the reported data, checks compliance with annual limits, reports annually on progress towards the targets, in line with UNFCCC rules.
  - > Strong compliance incentives, penalties and corrective action on missed targets.



# The new EU 2030 target: reduce GHG emissions by at least 55% relative to 1990

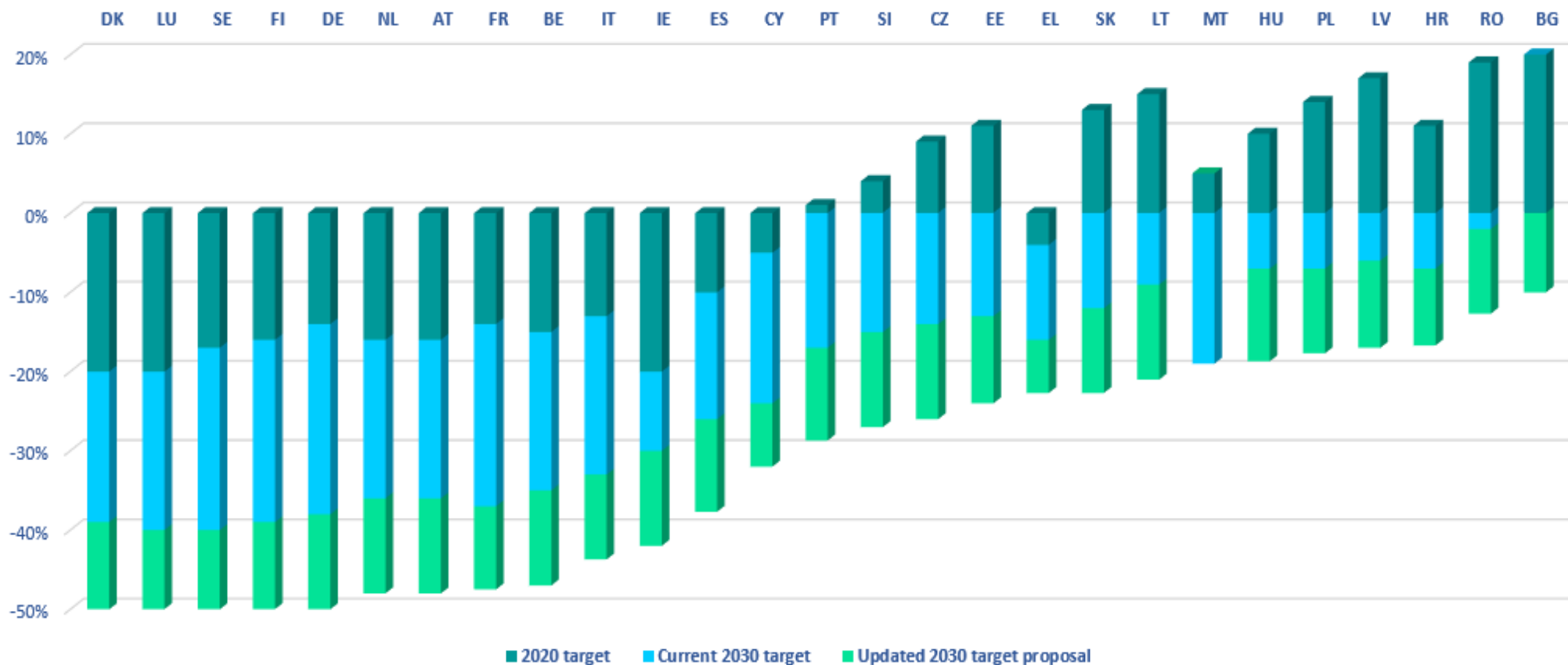
- Commission's **Climate Target Plan** (September 2020)
  - > proposes that -55 % can be achieved **responsibly**
  - > to put Europe on a smoother path to becoming the **first climate-neutral continent** by 2050
  - > **opportunity** to invest into a green future and exit the crisis stronger
- December 2020 **European Council** endorses the target of at least 55% net reduction compared to 1990 levels
  - > **EU Nationally Determined Contribution** under the Paris Agreement for 2030 submitted to the UNFCCC
- **European Climate Law** enshrines the new EU 2030 climate target into legislation
  - > in force since 30 July 2021

# Proposed 2030 Climate ambition to deliver at least 55% net GHG reductions versus 1990



# Effort sharing 2020, 2030, and proposed 2030 with increased ambition (-40%)

EU Member States' 2020 and 2030 effort sharing targets: greenhouse gas emission reduction relative to 2005 levels

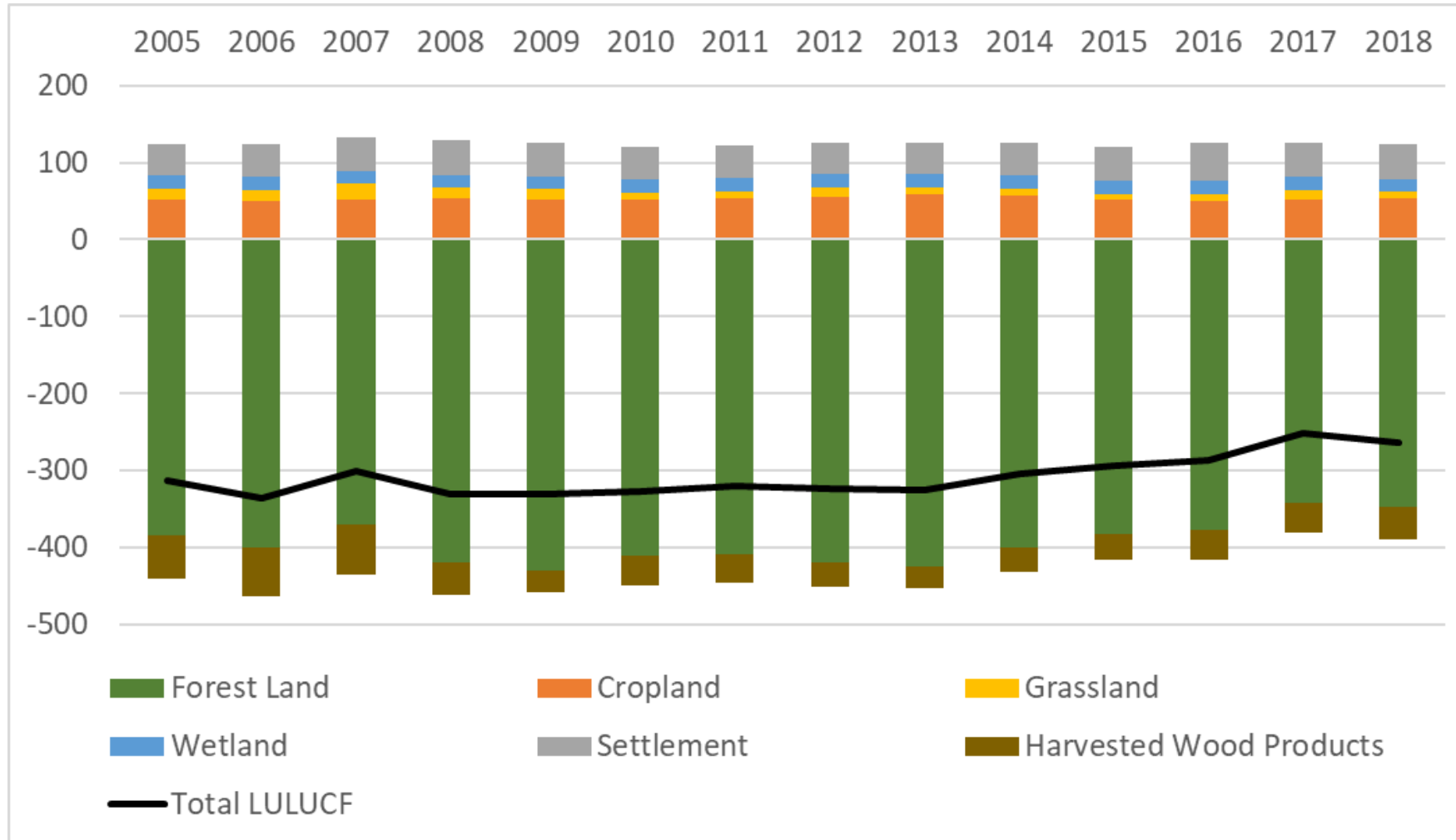




# How can our Member States achieve their effort sharing targets?

- In effort sharing, Member States are main actors
- Member States can take policy action in their remit
  - > Examples: carbon tax, supporting energy efficiency in buildings and the roll-out of renewables
  - > in line with subsidiarity, allows aligning approaches to Member States' specific circumstances
- EU regulations and initiatives help them attain the targets
  - > Examples: CO2 emissions performance standards for cars and vans, Renovation Wave
- Coordinated EU action: e.g.,
  - > Examples: promoting the roll-out of e-vehicle charging infrastructure; hydrogen strategy
- Significant funding from the EU budget and Next Generation EU
  - > 30 % climate mainstreaming in the EU budget and Next Generation EU: € 650 bn for 2021-27
  - > 37 % of support to implement recovery and resilience plans for climate action: € 125 bn grants, € 143 bn loans for 2021-26 (part of Next Generation EU).
  - > Strong safeguards for Recovery and Resilience Facility (€ 724 bn): “Do no significant harm”
  - > July proposals provide for further targeted funding from emissions trading revenues: by the Social Climate Fund, and increasing the Innovation Fund and Modernisation Fund

# Need for a stronger LULUCF Regulation: decreasing carbon removals in land use



In Mt CO<sub>2</sub>eq. Source: LULUCF Impact Assessment 2021, Figure 3.

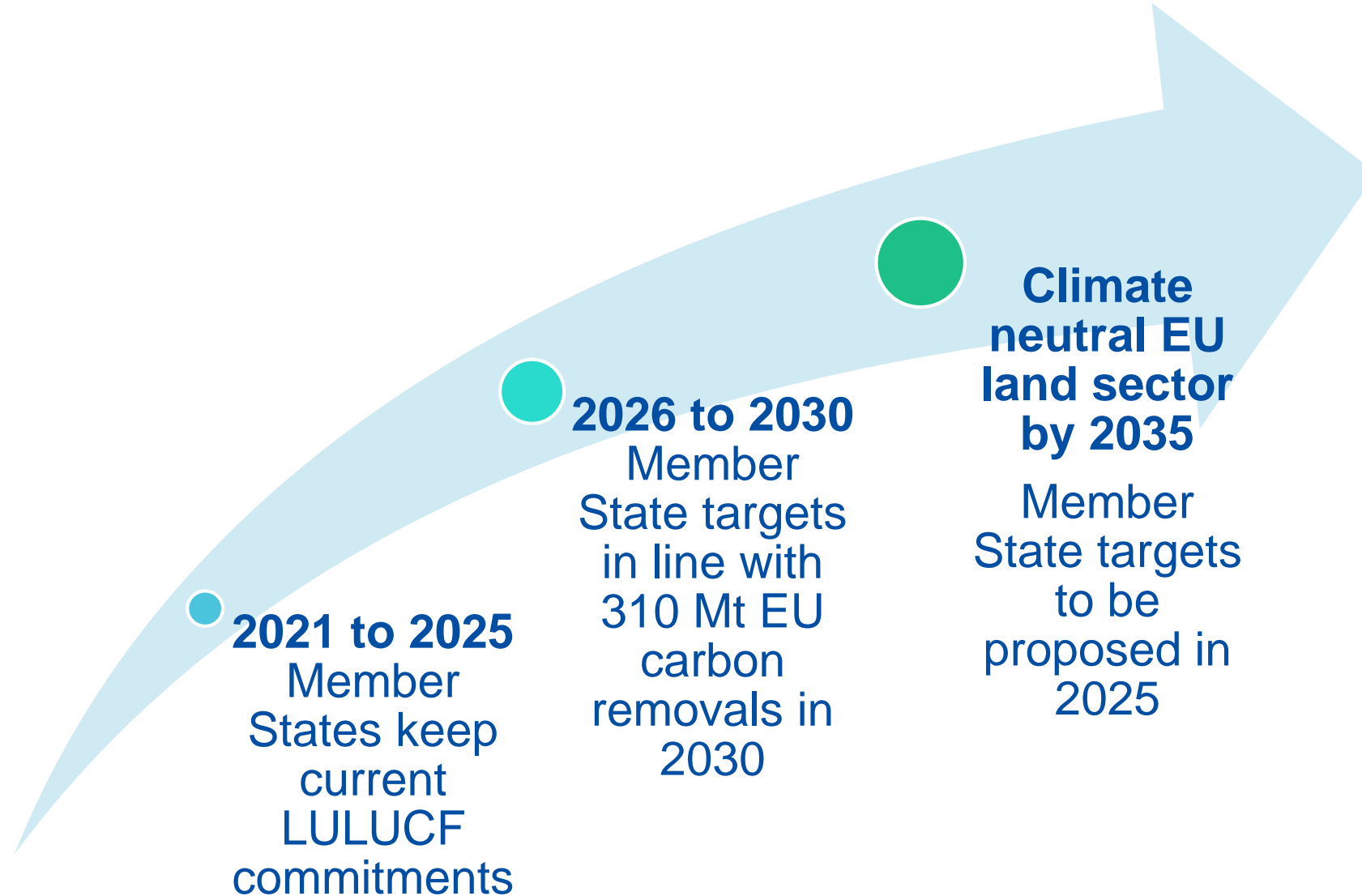
# Land use policy: state of play

Decreasing  
carbon  
removals in  
forests, soils,  
and wood  
products

Stable non-CO2  
emissions from  
livestock and  
fertiliser use

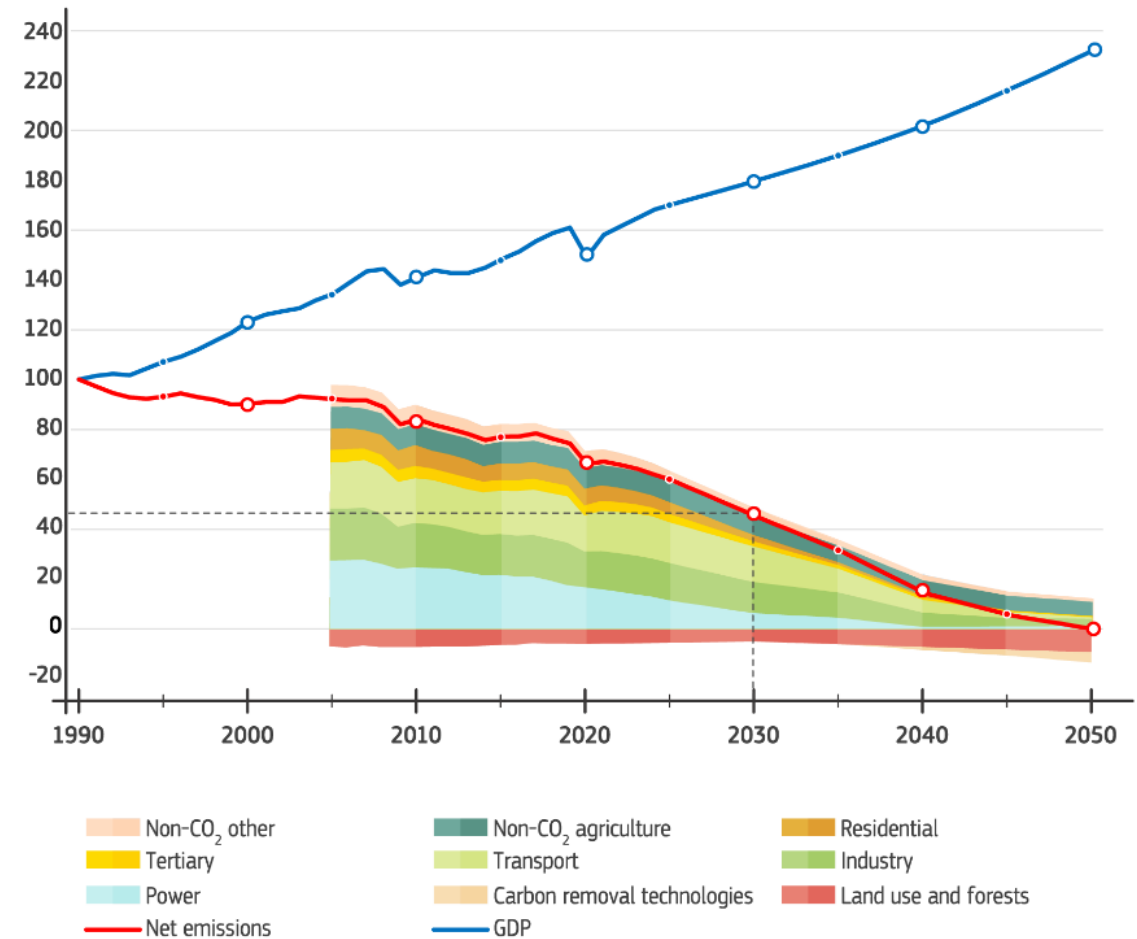
Complex  
compliance  
rules under  
LULUCF and  
Effort-Sharing  
Regulation

# On track towards a climate-neutral land sector: a three-step approach



# Outlook on carbon removals

- The 2050 net zero objective necessitates carbon removals
- Both nature- and technology-based solutions are needed
  - > need to align farmers' incentives – e.g., Carbon Farming Initiative
  - > need to address barriers to carbon capture and storage technologies
  - > support through the EU Innovation Fund
- Carbon removal certification to ensure equal standards across Member States
  - > forthcoming Commission proposal



# More information

- On the 21 July 2021 package:  
[Delivering the European Green Deal | European Commission \(europa.eu\)](#)  
(includes proposals to amend the Effort Sharing Regulation and the Land Use, Land Use Change and Forestry Regulation)
- [Effort sharing: Member States' emission targets | Climate Action \(europa.eu\)](#)
- [Land use and forestry regulation for 2021-2030 | Climate Action \(europa.eu\)](#)
- [Carbon Farming | Climate Action \(europa.eu\)](#)

# Thank you for your attention



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