



4.1.2017

DRAFT OPINION

of the Committee on Transport and Tourism

for the Committee on the Environment, Public Health and Food Safety

on the proposal for a Regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (COM(2016)0482 – C8-0331/2016 – 2016/0231(COD))

Rapporteur: Merja Kyllönen

SHORT JUSTIFICATION

Transport produces one quarter of carbon dioxide emissions in the EU. The need to reduce emissions from transport has been debated since the 1990s, while the objectives have varied with economic trends. Even though that debate has continued, greenhouse gas emissions from transport in Europe have merely increased, and by 2014 were 20% higher than in 1990.

The overall growth in emissions from transport is mainly due to the increase in emissions from road transport and aviation, as rail and inland waterway transport emissions have decreased since 1990. The share of private cars in transport emissions is around 44%, and the combined contribution of heavy goods transport and buses is around 18%. The effort-sharing regulation under consideration concerns the whole transport sector with the exception of international shipping and air transport.

According to the proposal for a regulation, in addition to an emission reduction target for 2030, Member States will be required to meet annual reduction targets during the period 2021-2030. Member States will be under an obligation both to abide by annual emission quotas and to reduce emissions in a linear fashion. According to the proposal, the starting point for the 2021-2030 emission reduction path is the year 2020, and it would be determined, in principle, on the basis of average emission data for 2016 to 2018. The rapporteur considers it important to create strong incentives for all countries to reduce emissions, from the very start of the period, and suggests, therefore, that the 2020-level starting point should be reviewed. The rapporteur stresses the need to reduce emissions consistently, including in the long term, i.e. in the period ending in 2050.

The Commission has included in its proposal for a regulation elements of flexibility, the aim being to ensure that emission reduction measures are undertaken in the most cost-effective way. However, the elements of flexibility in the Commission proposal and the basis for their calculation are marred by uncertainties, which could jeopardise implementation of the EU's climate policy and the overall final result. The proposed flexible mechanisms allow a situation in which the EU will miss its emission reduction targets under the Paris Convention on Climate Change, even if Member States attain the targets assigned to them under the effort-sharing decision. On the other hand, the acceptability of the Commission proposal in certain Member States depends on precisely these elements of flexibility. However, taken in conjunction, numerous flexibilities, some of them overlapping, could result in a situation in which the EU's emissions from the effort-sharing sector in fact fall by substantially less than the 30% target. The rapporteur considers that, among the proposed flexibility mechanisms, there are strong reasons in favour of transfers between sectors, between emissions trading and the effort-sharing sector (the so-called one-off mechanism), as well as LULUCF flexibility, which should enable the Member States also to use the ceiling for LULUCF removal units (sinks) set in the proposal to comply with the emission reduction obligation in the effort-sharing sector.

The rapporteur understands the idea contained in the Commission's proposal on reducing administrative effort, but sees a need for annual monitoring of how emission reduction targets are being pursued in the various Member States instead of the proposed five-yearly evaluation. In order to ensure implementation and effectiveness, the rapporteur considers it desirable that the Commission should also have tools for imposing sanctions on Member States that do not meet their emission reduction targets.

According to the effort-sharing regulation, the methods of reducing emissions are to be left to the individual Member State to decide. In conjunction with the publication of its proposal for the effort-sharing regulation, the Commission put forward its views on measures to reduce emissions from transport in the communication ‘Towards low-emission mobility’, published in July 2016. The Commission communication must be followed by numerous legislative proposals to establish the framework, inter alia, for regulation of emissions from heavy goods transport. However, responsibility for the success of the EU’s climate policy as a whole rests very much with national and local policies and decisions; conurbations have a particularly big role to play, as urban transport produces 23% of Europe’s carbon dioxide emissions from transport. On the basis of the proposal for an effort-sharing regulation, the greatest pressure to reduce transport emissions will be on those Member States whose emission reduction targets are high as a whole.

The rapporteur agrees with the decision to leave it to national decision-makers to decide on the methods to be used to reduce transport emissions. However, she regards the EU’s lack of competence in the field of urban policies as problematic and hopes that the EU will assume a broader coordinating role in disseminating best practices in urban transport policy. The rapporteur would also observe that, thanks to its various funding instruments, the EU has much funding to allocate, and she considers it essential that, in the case of transport, the funds to be allocated from the various programmes and instruments should be used for projects that promote a shift to a low-emission (in the short term) and entirely emission-free (in the medium and long term) transport system.

For a long time, Europe’s common transport policy has been based on attaining emission reduction targets primarily with the aid of progress in vehicle technology and fuel technology. However, the uncertainties which have recently come to light in the car industry have raised questions about the industry’s commitment to genuine emission reductions. The shift to low-emission or emission-free mobility is being hampered by the heavy dependence on fossil fuels, while the low price of oil has recently put a brake on the transition from them. The rapporteur believes that the most effective way to attain emission reduction targets is a broad package of measures consisting of rational land-use planning, public transport, policies to promote walking and cycling, full exploitation of the developing vehicle, engine and fuel technologies, the introduction of knowledge services and digital services, and the use of price instruments to guide mobility choices.

Digitisation and new digital services have enabled new types of mobility services to be created, which, if they come to be more widely used, can reduce the need to own and use a car of one’s own, and thus create a significant emission reduction potential. It is therefore desirable that these services should gain ground both in both urban and inter-urban transport. These services offer users ease of movement and also make the total costs of mobility most predictable and transparent. It seems that the automation of traffic is also proceeding faster than expected. The rapporteur considers both developments to be positive, but notes that the legislators of both the EU and the Member States will have to monitor carefully how the development of the field affects transport emissions. It must be ensured that the changes lead to mobility behaviour that is less damaging to the climate and the environment.

Transport is one of the most important everyday services for European citizens, and effective,

precise and cost-effective logistics are absolutely essential for European integration and the functioning of the internal market. Given that the emission reduction targets for the transport and logistics sector are becoming quite ambitious as a result of this regulation on effort-sharing, the rapporteur cannot conceal her concern that the costs to the transport industry and to European industry in general of reducing emissions have yet to be determined. A credible cost-benefit calculation is also required when Member States make decisions on the allocation of emission reduction obligations to the various different sectors, and the Commission should support Member States in providing these tools.

AMENDMENTS

The Committee on Transport and Tourism calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris agreement. This legislative proposal forms part of the implementation of the EU's commitment in the Paris agreement. The Union's commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Amendment

(3) On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris Agreement. This legislative proposal forms part of the implementation of the EU's commitment in the Paris Agreement ***to reduce its domestic greenhouse gas emissions towards holding the increase of global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5°C above pre-industrial levels.*** The Union's commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Or. en

Amendment 2

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council should be continued from 2021 to 2030, with the start of the trajectory calculation in 2020 on the average of the greenhouse gas emissions during 2016 to 2018 and the end of the trajectory being the 2030 limit for each Member State. ***An adjustment to the allocation in 2021 is provided for Member States with both a positive limit under Decision 406/2009/EC and increasing annual emission allocations between 2017 and 2020 determined pursuant to Decisions 2013/162/EU and 2013/634/EU, to reflect the capacity for increased emissions in those years.*** The European Council concluded that the availability and use of existing flexibility instruments within the non-ETS sectors should be significantly enhanced in order to ensure cost-effectiveness of the collective Union effort and convergence of emissions per capita by 2030.

Amendment

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council should be continued from 2021 to 2030, with the start of the trajectory calculation in 2020 on the average of the greenhouse gas emissions during 2016 to 2018 and the end of the trajectory being the 2030 limit for each Member State. The European Council concluded that the availability and use of existing flexibility instruments within the non-ETS sectors should be significantly enhanced in order to ensure cost-effectiveness of the collective Union effort and convergence of emissions per capita by 2030.

Or. en

Amendment 3

Proposal for a regulation

Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) More than 75% of the Union's greenhouse gas emissions are energy-related. Therefore, all measures to improve the energy efficiency in a cost-effective way and thus reduce the energy

demand should be prioritised and promoted, and duly integrated with climate policy actions across sectors;

Or. en

Amendment 4

Proposal for a regulation Recital 11 b (new)

Text proposed by the Commission

Amendment

(11b) In view of the aim of achieving a more effective “Climate Union”, the Union and its Member States should make sure that their climate, energy and other sectoral policies mutually reinforce each other and are compatible with the long-term aim of achieving a carbon-neutral world. The impact of energy and sectoral policies on the Union and national climate commitments should be assessed with common quantified methods, so that their impacts are transparent and verifiable.

Or. en

Amendment 5

Proposal for a regulation Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) As the sectors covered by this Regulation constitute more than half of the Union’s greenhouse gas emissions, the emission reduction policies in these sectors are highly important in order to fulfil the Union’s commitments in accordance with the Paris Agreement. Therefore, the monitoring, reporting and follow up procedures under this

Regulation should be fully transparent. Member States and the Commission should make the information concerning compliance with this Regulation publicly available and should ensure the proper involvement of the stakeholders and the public in the review process of this Regulation. The Commission is also urged to create an efficient and transparent system to monitor the outcome of the flexibilities introduced.

Or. en

Amendment 6

Proposal for a regulation Recital 18 a (new)

Text proposed by the Commission

Amendment

(18a) In addition to the efforts to reduce its own emissions, the Union, in line with the aim of increasing its positive impact on the global carbon handprint, should envisage, together with third countries, climate solutions by implementing joint projects with those countries, in the 2030 climate policy context, taking into account that the Paris Agreement refers to a new international cooperation mechanism for combating climate change.

Or. en

Amendment 7

Proposal for a regulation Article 1

Text proposed by the Commission

Amendment

1. This Regulation lays down obligations on the minimum contributions of Member States to meeting the

1. This Regulation *requires Member States to collectively reduce greenhouse gas emissions referred to in Article 2 by at*

greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030, rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions.

least 30% in 2030 compared to 2005. It lays down obligations on the minimum contributions of Member States to meeting the greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030, rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions.

Or. en

Justification

For reasons of clarity, the subject matter of the Effort Sharing Regulation should include its overall objective, which is to reduce emissions in the non-ETS sectors by at least 30%.

Amendment 8

Proposal for a regulation

Article 1 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The ultimate objective of this Regulation is to fulfil the Union's and Member States' commitment under the UNFCCC and the Paris Agreement to reduce greenhouse gas emissions with the aim of holding the increase of global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5°C above pre-industrial levels. To achieve these objectives, Member States shall continue reducing the greenhouse gas emissions covered by this Regulation annually in a linear manner beyond 2030, leading to a reduction of 60% by 2040 compared to 2005 levels and of 95% by 2050 compared to 2005.

Or. en

Amendment 9

Proposal for a regulation

Article 4 – paragraph 2

Text proposed by the Commission

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in 2020 on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3 and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

Amendment

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in 2020 on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3, ***using the 2020 targets established in Decision No 406/2009/EC as a maximum limit***, and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

Or. en

Justification

Countries that will not meet their 2020 targets domestically should not be rewarded for underachieving. Determining the starting point on the basis of the Member State's average greenhouse gas emissions during 2016, 2017 and 2018 or its 2020 target, whichever is lower, could lead to additional reduction equal to around 93 Mton CO₂-eq on the EU level.

Amendment 10

Proposal for a regulation

Article 5 – paragraph 3

Text proposed by the Commission

3. A Member State whose greenhouse gas emissions for a given year are below its annual emission allocation for that year, taking into account the use of flexibilities pursuant to this Article and Article 6, may bank that excess part of its annual emission allocation to subsequent years until **2030**.

Amendment

3. A Member State whose greenhouse gas emissions for a given year are below its annual emission allocation for that year, taking into account the use of flexibilities pursuant to this Article and Article 6, may bank ***up to 5 % of*** that excess part of its annual emission allocation to subsequent

years until **2029**.

Or. en

Justification

Unlimited banking will allow countries to use the surplus carbon allowances from the beginning of the period towards the later years of the commitment period, when targets get tighter. To avoid that Member States meet the targets on paper but not in practice, a restriction similar to the 5% borrowing restriction should be introduced. Banking should also end in 2029 to avoid that the 2030 target will be achieved through “excess credits” earned in the 2020-2029 period and ensure real world delivery of the 2030 target.

Amendment 11

Proposal for a regulation Article 9 – paragraph 1

Text proposed by the Commission

1. ***In 2027 and 2032, if the reviewed greenhouse gas emissions of a*** Member State exceed its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

Amendment

1. If a Member State exceeds its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

Or. en

Justification

Annual rather than 5-yearly compliance checks are more effective to ensure that the annual targets are met. If compliance checks occur only every five year, penalties for non-compliance will only be applied in 2027 for the first time. Annual compliance checks will also encourage trading as Member States will more accurately know what they can sell.

Amendment 12

Proposal for a regulation Article 9 – paragraph 1 - point b a (new)

Text proposed by the Commission

Amendment

ba. A Member State shall pay an excess emissions penalty equal to EUR 100 for each tonne of CO₂ equivalent of

the excess greenhouse gas emissions.

Or. en

Justification

Member States that do not comply with their ESR targets should also face a financial penalty equal to the penalty under the EU ETS. This is already the case in the EU ETS where fines are currently set at 100€/tonne. That creates an incentive for each member state to take domestic action or explore intra-EU flexibilities.

Amendment 13

**Proposal for a regulation
Article 10 – paragraph 2**

Text proposed by the Commission

Amendment

2. The amount contained in Annex IV to this Regulation shall be added to the allocation for the year 2021 for each Member State referred to in that Annex. *deleted*

Or. en

Justification

According to the Annex IV, the lower-income Member States would receive a starting point bonus that allows them to emit more in the year 2021, further delaying the transition to climate friendly societies. This pollution quota should be removed.

Amendment 14

**Proposal for a regulation
Article 14 – paragraph 1**

Text proposed by the Commission

Amendment

The Commission shall report to the European Parliament and to the Council by 28 February 2024 and every five years thereafter on the operation of this Regulation, its contribution to the EU's overall 2030 greenhouse gas emission reduction *target and* its contribution to the goals of the Paris Agreement, *and may make proposals if* appropriate.

Within six months of the facilitative dialogue which is to be convened under the UNFCCC in 2018 to take stock of the collective efforts of Parties in relation to progress towards the global long-term goal, and within six months of the global stocktake in 2023 and every five years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the operation of this

Regulation, its contribution to the EU's overall 2030, **2040 and 2050** greenhouse gas emission reduction **targets and assess** its contribution to the **long-term mitigation** goals of the Paris Agreement **and the need to update this Regulation to enhance the Union's climate action. That report shall be accompanied, where appropriate, by legislative proposals.**

Or. en

Amendment 15

Proposal for a regulation Article 14 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Following each global stocktake agreed under the Paris Agreement, a Member State may voluntary cancel part of its annual emission allocations. The Member State shall notify the Commission of its intention to cancel part of its annual emission allocations and the Commission shall make that information publicly available on its website.

Or. en