

EU climate target plan

Raising the level of ambition for 2030

SUMMARY

The EU's current greenhouse gas emissions reduction target for 2030, of 40 % compared with 1990 levels, was agreed by the European Council in 2014, along with targets for renewable energy and energy efficiency. Since 2017, the European Parliament has been urging the European Commission to develop a zero-emission long-term 2050 vision for the European Union. Following Parliament's reiteration of this demand and a similar call from the European Council, in November 2018 the Commission adopted a strategic long-term vision, aiming for climate neutrality by 2050.

Commission President Ursula von der Leyen has committed to this goal with the European Green Deal, proposing to set the EU 2050 climate-neutrality target in legislation by means of a European climate law. As part of the climate-neutrality commitment, the Commission is proposing to review and revise the 2030 greenhouse gas emissions target, to ensure a realistic and feasible trajectory towards 2050. On 17 September 2020, on the basis of a public consultation and an in-depth impact assessment, the Commission adopted a communication on the climate target plan. The climate target plan proposes to increase the 2030 target from a 40 % emissions reduction to a 55 % net emissions reduction, compared with 1990 levels. The communication outlines sectoral targets and approaches, as well as the regulatory revisions and new initiatives needed in the climate and energy policy framework. In the 2021 Commission work programme, the numerous revisions required are presented under the package 'Fit for 55'.

The 2030 target, embedded in the future climate law, will be subject to interinstitutional negotiations, with Parliament having adopted its position of a higher 60 % emissions reduction target at its October 2020 plenary session. The European Council discussed the climate target plan at its October 2020 meeting, and will revisit it in December with a view to agreeing the 2030 target.



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The climate target in relation to the European Green Deal

The European Green Deal is a strategic priority that was first outlined in the political guidelines of European Commission President, Ursula von der Leyen. On 11 December 2019, the Commission presented a communication on the [European Green Deal](#) that sets out a detailed vision to make Europe the first climate-neutral continent by 2050, and to safeguard biodiversity, establish a circular economy and eliminate pollution, while boosting the competitiveness of European industry and ensuring a just transition for the regions and workers affected.

The original March 2020 legislative [proposal](#) for a European climate law, encompassing the climate neutrality by 2050 target, asks the Commission to review the 2030 greenhouse gas (GHG) emissions reduction target, and propose its revision if necessary. The climate target plan constitutes this revision and the provision was removed with the September 2020 [amendment](#) of the European climate law proposal (see below).

Between 31 March and 23 June 2020, the Commission held a [public consultation](#) on the planned update of the 2030 climate target. An [impact assessment](#)¹ (IA) was also prepared, to accompany a revised 2030 target and to ensure a responsible pathway to the 2050 climate-neutrality target, as laid out in the Green Deal communication and the original climate law proposal.

On 17 September 2020, the Commission adopted the communication '[Stepping up Europe's 2030 climate ambition – Investing in a climate-neutral future for the benefit of our people](#)', commonly referred to as the 2030 EU climate target plan. The communication lays the foundation for a wide range of actions under the European Green Deal political objective and suggests a GHG net emissions reduction target for 2030 of 55 % compared with 1990 levels.

The European climate law proposal was [amended](#) on 17 September 2020 to reflect the new target.

Climate and energy targets in the EU

The EU has a target of reducing GHG emissions by 20 % by 2020 compared with 1990 levels, and is on track to exceed it. In 2019, EU [GHG emissions](#) were approximately 24 % below 1990 levels.

The current EU target for GHG emission reductions by 2030 is 40 %. This target was endorsed by the [October 2014 European Council](#). The EU's 2030 target for the market share of renewable energy is 32 % and the target for improvement in energy efficiency is 32.5 %.

The European Council also called for the development of a reliable and transparent governance system, ensuring integration and streamlining of planning, reporting and monitoring efforts while reducing the administrative burden. As part of its [Clean energy for all Europeans package](#), issued on 30 November 2016, the Commission proposed the [Regulation on the Governance of the Energy Union and Climate Action](#), which entered into force on 11 December 2018.

The European Parliament adopted a [resolution](#) on 4 October 2017, calling upon the Commission to prepare a mid-century zero-emissions strategy for the EU before the 24th United Nations climate conference (COP24) in 2018. Subsequently the European Council, in March 2018, called upon Commission to develop a strategy on long-term EU GHG emissions reduction in line with the Paris Agreement by the first quarter of 2019. Parliament reiterated its call in its [resolution on COP24](#) of October 2018.

On 28 November 2018, the Commission adopted a strategic long-term vision entitled '[a clean planet for all](#)', proposing climate neutrality by 2050. In a [resolution](#) on 14 March 2019, Parliament welcomed the Commission's strategy and advocated a 55 % reduction of EU emissions by 2030.

Referring to the content of specific energy and climate action legislation² the 2018 Governance Regulation sets out reporting and monitoring requirements for Member States and the Commission. The regulation introduced an e-platform to receive the integrated national energy and climate plans (NECPs), to secure comparable data to verify progress and inform Union climate action planning.

The GHG emissions reduction target for 2030 is also the EU's [nationally determined contribution](#) (NDC) to the Paris Agreement.

The Commission's October 2019 [progress report](#) on climate action estimated that the EU legislation adopted in 2018 would result in a 45 % reduction in emissions by 2030.

The climate target plan communication proposes to raise the 2030 target from the current 40 % reduction target to a net 55 % reduction target. The European Council had an initial discussion on the proposed target during its meeting of 15 October 2020. The [meeting conclusions](#) stated that the European Council would continue discussions with a view to agreeing on a new emissions reduction target for 2030 at its December 2020 meeting. This would also allow for an update of the EU's NDC to the United Nations Framework Convention on Climate Change before the end of 2020. The European Committee of the Regions (CoR), in its [opinion](#) on the climate law proposal, and the European Economic and Social Committee (EESC), in its [opinion](#) of July 2020, both support an emissions reduction target of at least 55 % by 2030.

The European Commission's 2030 climate target plan

The European Commission is proposing to raise the 2030 emissions reduction target from the current 40 % to at least 55 %, compared with 1990 levels. This would be a 'net' target³ including GHG removals through land use and forests, in contrast with the existing 40 % target, which concerns emissions only.

The proposed target is based on three key considerations:

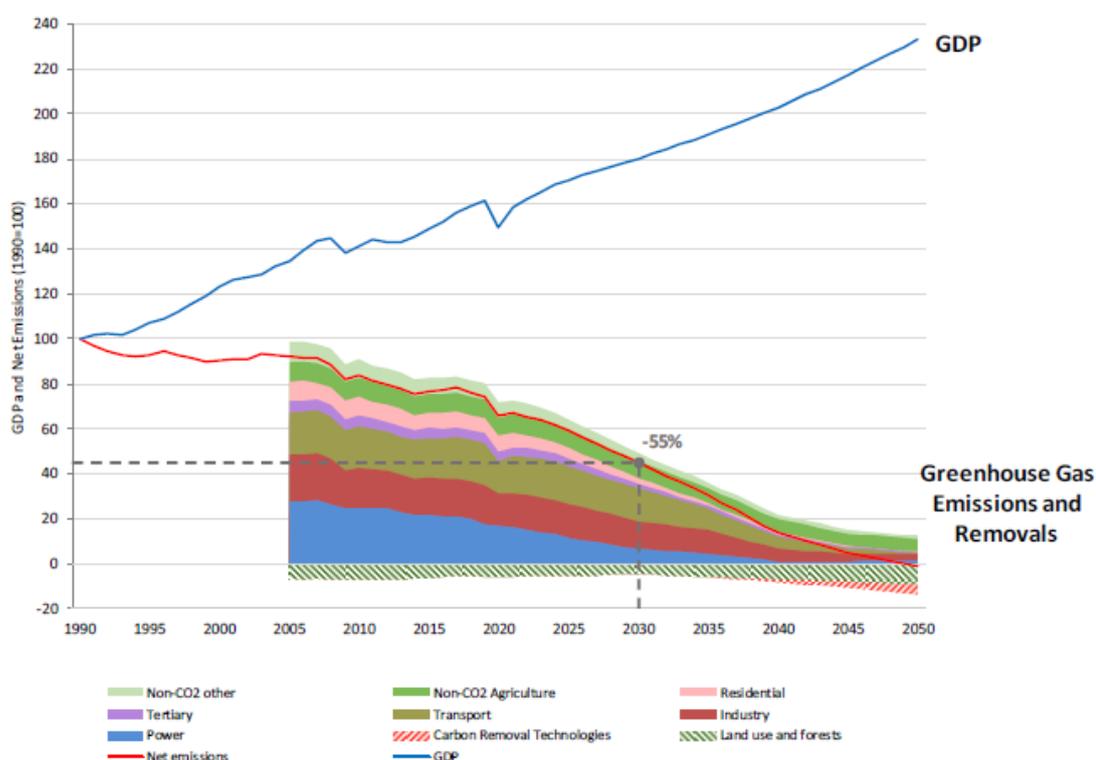
- interlinked issues of long lead times in various sectors to implement transitions;
- the risk of carbon lock-in from investments in the coming decade;
- the seriousness of the current climate crisis and need to act in a timely manner.

The Commission argues that delivering on the revised target with a coherent policy framework to support implementation across all sectors would make European industry and businesses trail-blazers. The plan is expected to modernise the economy, delivering innovation and a competitive edge while ensuring security and resilience of energy supply and health benefits. The proposed new multiannual financial framework ([MFF](#)) and Next Generation EU ([NGEU](#)) provide an opportunity to transition and grow the economy simultaneously. In July 2020, the [European Council](#) concluded that 30 % of the combined MFF and NGEU budgets should be targeted towards climate action and, more specifically, to helping achieve the 2030 target, expected to be updated by the European Council at the end of 2020. Further to the 30 % climate-spending target, the European Council reiterated that all EU expenditure should be in line with the objectives of the Paris Agreement. The communication considers climate action mainstreaming across other funds and programmes and ensuring a just transition through the [just transition mechanism](#) to be key.

The communication also provides more detail on the major reform of the EU ETS as communicated in the Green Deal, the aim being to encompass all emissions related to fossil fuel combustion. The EU ETS would be expanded and reinforced to ensure a robust carbon price. The Commission's impact assessment (IA) considers carbon pricing to be one of the most efficient tools for driving change. Further carbon pricing is also envisaged through revision of the [Energy Taxation Directive](#).

The Commission's envisaged pathway⁴ to climate neutrality and economic growth is illustrated in Figure 1.

Figure 1 – Historic and projected GDP, greenhouse gas emissions and removals (EU-27)



Source: Communication '[Stepping up Europe's 2030 climate ambition – Investing in a climate-neutral future for the benefit of our people](#)', European Commission, 2020.

The energy system and buildings are expected to deliver at least 60 % emissions reductions compared with 2015. More and decentralised renewable energy investments would drive citizens' engagement, local development and employment opportunities, while greening heating and cooling in buildings and industry through renewable electricity. The [Renovation Wave initiative](#) adopted by the Commission in October 2020 would be a key economic recovery tool while also delivering significant energy efficiency gains in a sector currently accounting for 40 % of final energy consumption.

For industry and the energy mix, the [new industrial strategy](#) adopted in March 2020 and the [hydrogen strategy](#) along with the [energy systems integration strategy](#) adopted in July 2020, already mark out the major pathways envisaged. Action to strengthen the climate and energy policy framework would also drive transformation, while the EU certification systems, mentioned in the [circular economy action plan](#) should support decarbonisation by facilitating supply and demand of low-carbon products and technologies.

The communication sets out its goal of a jump in the renewable energy share of the transport sector from 6 % in 2015 to 24 % in 2030. The Commission states that not only road and rail, but also aviation and maritime transport must contribute to the 55 % by 2030 target. To achieve this, the Commission puts forward the possibility of including the maritime transport sector under the EU ETS and reducing the free allocation of emission allowances to airlines, in combination with policy drivers on CO₂ performance standards and innovative technologies, on which specific details will be set out in the [strategy for sustainable and smart mobility](#), [ReFuelEU Aviation](#) and [FuelEU Maritime](#) initiatives.

The land use, land use change and forestry (LULUCF) sectors play an important role in balancing the remaining emissions to achieve climate neutrality by 2050. A number of carbon sink and biodiversity initiatives have already been announced through the Green Deal. In the climate target plan the Commission reflects on the potential of a new sector covering non-CO₂ emissions from agriculture, forestry and land use. Further non-CO₂ emissions are to be addressed by means of revision of the

LULUCF Regulation as well as the [methane strategy](#) and existing policies in the areas of waste management and circular economy initiatives. Under the [European Climate Pact](#) later this year, an initiative on EU carbon farming will be included.

Owing to the expansion of the ETS, the revision of numerous regulations and the introduction of new initiatives, as presented above, the climate target plan communication states that the Effort-sharing Regulation might be repealed, if all sectors and objectives are covered by ETS and LULUCF or other legislation.

The road to achieving a revised 2030 climate target

With the climate target plan the European Commission announced revisions and adjustments of the entire existing policy framework, along with new initiatives. In the [Commission's work programme for 2021](#), the majority of the legislative revisions mentioned in the climate target plan are grouped together in a 'Fit for 55' package (see Table 1).

Table 1 – Initiatives under the 'Fit for 55' package

Initiatives under the Fit for 55 package and the timeline			
Revision of the EU emissions trading system (ETS), including a proposal for ETS as an own resource	Q2, 2021	Carbon border adjustment mechanism (CBAM) and proposal for own resource	Q2, 2021
Effort Sharing Regulation (ESR)	Q2, 2021	Revision of the Energy Tax Directive	Q2, 2021
Amendment to the Renewable Energy Directive	Q2, 2021	Amendment of the Energy Efficiency Directive	Q2, 2021
Reducing methane emissions in the energy sector	Q2, 2021	Revision of the LULUCF Regulation	Q2, 2021
Revision of CO ₂ emission performance standards for new passenger cars and vans	Q2, 2021	Revision of the Directive on deployment of alternative fuels infrastructure	Q2, 2021
Revision of the third energy package for gas and competitive decarbonised gas markets	Q4, 2021	Revision of the Energy Performance of Buildings Directive	Q4, 2021

Data source: [Communication on 2021 Commission work programme](#) - annexes, European Commission, October 2020.

For many of the above initiatives the Commission is either currently undertaking [public consultations](#) on the initial roadmaps to inform impact assessments (ESR, LULUCF, CO₂ emissions standards and ETS) or has already completed them (Energy Tax Directive and CBAM).

A paper by the [German Federal Environment Office](#) outlines the need for an ambitious 2030 climate target and the urgent need to revise the EU ETS and ESR to help reach a new target. It discusses options for reaching targets of between 50 and 65 % in emission reductions by 2030. The paper presents options on how to share the target between the ETS and ESR sectors. Although the authors acknowledge the limitations of changing some areas of the EU ETS before the second allocation period from 2026, they argue that the surplus of allowances, exacerbated by the economic crisis due to the pandemic, will have to be addressed with effect from 2021 to ensure a functioning system. They present options and degrees for raising the linear reduction factor⁵ (LRF), rebasing the cap,⁶ and lifting the percentage ceiling⁷ of allowances moved to the market stability reserve (MSR). ESR options are also presented; these include adjusting the annual ESR emission allocations of Member States, implementing EU-level measures, especially for transport and buildings,⁸ and raising the level of ambition by means of a gap-filling mechanism, rewarding Member States with EU funding if they go beyond ESR obligations.

The 2030 climate target plan communication builds on the impact assessment (IA) and a public consultation carried out in spring 2020. The Commission's analysis concludes that the current policy framework is insufficient, as it would result in only a 60 % reduction in emissions by 2050.

The IA analyses policy options to address the problem that the EU's GHG reduction target and current policies are inadequate when it comes to ensuring a gradual transition to a climate neutral EU economy by 2050. It includes baseline scenarios based on the current EU climate and energy policy and on the national energy and climate plans of the Member States. It analyses a range of policy options and delivers 10 policy scenarios, two of which take account of the coronavirus crisis.

The analysis focuses on the general objective of increasing the EU's GHG emissions reduction target to within the range of 50 % to 55 % by 2030, as well as determining the scope of the target. It outlines the cost-effective potential of all sectors of the EU economy to contribute to achieving the target.

The IA also prepares the ground for a targeted revision of the climate and energy policy framework. According to the IA, a broad mix of policy instruments are required to deliver the greater level of ambition, including the extension of carbon pricing and emissions trading, along with regulatory measures in the energy and transport fields.

The impacts assessed include: economic growth and prosperity; social justice; security, affordability and sustainability of the energy system; carbon leakage; technological progress and leadership in green technologies; and environmental sustainability, resource use and food security.

The assessment finds that net GHG emissions reductions within a range of 50 to 55 %, are possible in a responsible manner and would deliver sustainable economic growth. The results are provided at EU level only, and not broken down by region or Member State.

The EPRS [initial appraisal](#) of the impact assessment highlights issues with the formulation of the objectives, the selection and assessment of scenarios, and conformity with the [Better Regulation Guidelines](#) and the recommendations of the Commission's [Regulatory Scrutiny Board](#), where available.

European Parliament and Council positions

The new emissions reduction target is to be agreed as part of the legislative proposal for the European climate law, [amended](#) by the European Commission on 17 September 2020 to reflect the revised target.

In the European Parliament, the [climate law proposal](#) has been referred to the Committee on Environment, Public Health and Food Safety (ENVI). During committee debates, the rapporteur in charge, Jytte Guteland (S&D), [argued for a 65 % target](#), referencing the United Nations Environment Programme (UNEP) emissions gap report on remaining within the 1.5°C global warming target. The [climate target plan](#) was referred to the ENVI committee too, though as a non-legislative communication and with the target included under the legislation for the climate law, no specific action is required or expected from Parliament on the target plan itself. In relation to the climate law proposal, [Parliament](#) adopted its position on 8 October 2020, calling for a 60 % emission reduction by 2030, in line with the [final ENVI committee report](#). In contrast, the opinion of the Committee on Industry, Research and Energy (ITRE), associated under Rule 57 of the Rules of Procedure of the European Parliament, proposed sticking to the 55 % target as earlier called for by Parliament, most recently in its [resolution](#) of 15 January 2020 on the European Green Deal.

On 23 October 2020, the Environment Council reached agreement on a [partial general approach](#) on the climate law proposal. The partial approach agreement does not include the 2030 GHG emissions reduction target. With the mandate given by the adoption in Parliament and the partial agreement in Council, interinstitutional negotiations can proceed on the climate law proposal, except for on the 2030 target.⁹

Expert and stakeholder views

In response to the consultation on the inception impact assessment (IIA), [ECRA](#), the European Climate Research Alliance, an association of 23 leading European climate research institutions,

called upon the Commission to include evaluation of targets higher than 55 % in the IA. ECRA referenced the [UNEP](#) emissions gap report, implying the need for a 65 % 2030 target for the EU, in order to reach the 1.5°C global warming target of the Paris Agreement. Similarly, the European Roundtable on Climate Change and Sustainable Transition ([ERCST](#)) highlighted the issue of the pre-determined target scope, rather than letting the IA conclude the appropriate target.

In early March 2020, the secretary-general of [Eurelectric](#), the EU power sector association, warned the Commission of the danger of making the climate law proposal too complex, suggesting abstaining from adding a 2030 target in the legislative proposal itself. He argued that revision of the 2030 target had been announced separately already and would complicate efforts to achieve a Climate Law agreement.

On 15 October 2020, in a [joint open letter](#), referred to by Commission President Ursula von der Leyen in her [State of the Union](#) address of 16 October 2020, a coalition of over 170 businesses, investors and business and investor networks urged policymakers to adopt an ambitious emissions reduction target for 2030 of at least 55 %. [Business Europe](#), calling 2050 climate-neutrality 'our common ambition', has called for clarity regarding the *how* rather than the targets, but has also in a [recent paper](#) directed strong criticism towards the IA underpinning the proposed target, on account of its failure to consider in full the economic impacts of the coronavirus crisis.

From the forest sector, [EUSTAFOR](#), representing state forests, supports the European Union's climate ambition, but criticises the climate target plan for simplistically reducing forests to carbon sinks offsetting other sectors' emissions. EUSTAFOR calls for increased attention to the multi-purpose role of forests in providing sustainable biomass and wood for construction as well as carbon sinks. On 12 October 2020, six forest sector associations launched the [#ForestBiodiversity Platform](#), to showcase how forestry can support Green Deal priorities.

The [European Trade Union Confederation](#) (ETUC) supports the 55 % GHG emission reduction target, but points to a lack of funding guarantees, criticising the [reduction of the Just Transition Fund](#), saying the plan falls short when it comes to jobs, working conditions and governance.

Several NGOs (among them [WWF](#), [Greenpeace](#) and [Bellona](#)), beyond making demands for a higher target, have criticised the change to the net target for 2030, with Greenpeace claiming the Commission was trying to 'fudge' with the numbers. The [Coalition for Higher Ambition](#), representing a wide range of organisations, authorities and investment groups, also supports a higher target. Following the vote in Parliament, FERN, Bellona and CarbonMarketWatch, in an [open letter](#) to top EU decision-makers in Commission and Council, urged them to [follow the European Parliament's lead](#) and protect the integrity of the EU 2030 target, to avoid blurring the target and creating confusion and inaction with a net target. The organisations called for clear emissions reductions targets with separate targets for removals. They also called for the development of definitions and verification methods for removals.

Beyond criticism of the net target for 2030, the intention to include road transport under the ETS has also received attention. [Transport&Environment](#), the European federation of green transport NGOs, called this specific measure a 'problematic' idea that, in combination with a repeal of the Effort Sharing Regulation, would [undermine](#) national incentives to promote modal shifts, tax reforms and other green transport policies. With regard to targets for CO₂ emissions from new cars and vans, ACEA, the [European Automobile Manufacturers' Association](#), has asked the Commission to first ensure enabling factors, calling for supportive policies for the industry.

In its feedback during the consultation period, [EuroMines](#), representing the European mineral raw materials industry, also called for support, urging policy-makers to pay attention to the time requirements for adaptation and to ensure financial support for innovative decarbonisation and energy efficiency technologies. Furthermore, to ensure continued competitiveness of the industry, it called for concrete support for a competitively priced fossil-free electrification process.

MAIN REFERENCES

Communication '[Stepping up Europe's 2030 climate ambition – Investing in a climate-neutral future for the benefit of our people](#)', COM(2020) 562 final, European Commission, September 2020.

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[Framework for achieving climate neutrality](#), Legislative Observatory (OEIL), European Parliament.

[Stepping up Europe's 2030 climate ambition](#), Legislative train schedule, European Parliament.

Vikolainen V., [Setting the 2030 greenhouse gas emissions reduction target](#), Initial Appraisal of a European Commission Impact Assessment, EPRS, European Parliament, November 2020.

Wilson A., [Governance of the Energy Union](#), EPRS, European Parliament, January 2019.

ENDNOTES

- ¹ For an extensive presentation and analysis of the impact assessment, please see the [initial appraisal](#) carried out by EPRS.
- ² Including the EU emissions trading system ([ETS](#)), the Renewable Energy Directive ([RED](#)), the Energy Efficiency Directive ([EED](#)), Energy Performance in Buildings Directive ([EPBD](#)), the Effort Sharing Regulation ([ESR](#)) and the Land Use, Land-Use Change and Forestry regulation ([LULUCF](#)).
- ³ According to the impact assessment of the climate target plan, if emission removals through land use, land use change and forestry (LULUCF) are not included, the emission reduction by 2030 would amount to 52.8 % as opposed to 55%.
- ⁴ The projection is based on a combined approach of regulatory measures and carbon pricing, which achieves around 55 % GHG reductions (MIX scenario of the impact assessment). It expands carbon pricing and moderately increases the ambition of transport and energy policies.
- ⁵ As an example from the current 2.2 % annually to 4.2 % or 4.6 % annually for a 55 % or 60 % target respectively, formally in effect from 2026, but reducing the nominal cap in 2026 retroactively as if the LRF was adjusted from 2021.
- ⁶ By adjusting auction amounts and keeping free allocation and budgets for innovation and modernisation funds untouched up to 2025.
- ⁷ From the current temporary maximum 24 % of total allowances on the market to 36 %, as a quick fix before a 2030 target adjusted LRF could come in effect from 2026.
- ⁸ All of the suggested regulations and directives for making stricter measures are included in the 'fit for 55' package.
- ⁹ For more up to date information on the climate law legislative process, please refer to the [legislative briefing](#) on the European climate law.

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