



2021/0200(COD)

10.12.2021

DRAFT OPINION

of the Committee on Agriculture and Rural Development

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 amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement (COM(2021)0555 – C9-0321/2021 – 2021/0200(COD))

Rapporteur for opinion: Pär Holmgren

PA_Legam

SHORT JUSTIFICATION

Background - Fit for 55 package

In July 2021 the European Commission has presented its package on delivering the European Green Deal. The Fit for 55 package, the biggest set of climate measures in the EU history, aims at revising different pieces of legislation in order to deliver on the new EU target of at least 55% net emissions reduction by 2030 compared to 1990 levels. The proposed package foresees at least 52.8% emissions reduction and at least 310 Mt of net removals by carbon sinks by 2030. In order to be in line with science, this target needs to both be more ambitious and to be filled with concrete measures.

The IPCC has been sounding the alarm for years: 1.5°C of global warming is dire, 2°C would be catastrophic. The current 1.2°C of warming has already led to natural disasters, population displacement, crop failures and biodiversity loss, in the Union and beyond. The outcome of the last UNFCCC, COP26, is also very clear: according to current NDCs, global emissions are set to increase until 2030 and beyond, while they should be reduced by at least -45% by 2030 compared to 2010 levels if we are to limit global warming to 1.5°C. Especially after COP26, it is clear that the European Union is obligated to speed up its emissions reductions this decade, and show higher ambitions to address the climate emergency.

Early action must be prioritised through an ambitious trajectory. An overwhelming majority of scientific studies, reflecting the global consensus, including the last IPCC report¹, have showed that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis.

Effort Sharing in the Fit for 55 package

As part of this package, the Effort Sharing Regulation (ESR) sets targets and monitors the effort of Member States in order to decrease greenhouse gas emissions in sectors not covered by the EU's Emissions Trading System. Covering 60% of the EU's greenhouse gas emissions, the ESR is one of the keystones of the EU climate policy and must deliver substantial emission reductions. This revision is the opportunity to bring the EU and Member States' targets in line with the Paris Climate Agreement, while closing the loopholes that currently undermine the law's effectiveness.

Keeping ESR sectors efforts in line with the Paris Climate Agreement

The ESR sets binding emission reduction targets for Member States, which cover several sectors, including agriculture. The Commission's proposal keeps the scope of the ESR and increases the overall EU emission reductions target from a 30% to 40% reduction compared to 2005 by 2030. Member States remain responsible for delivering the emission reductions in all ESR sectors.

Although this revision is welcome, the ambition level included in the reviewed ESR is still

¹ <https://www.ipcc.ch/report/ar6/wg1/>

far from aligned with the Paris Climate Agreement goal – for which overall at least a 55% emission reduction compared to 2005 levels would be needed in the ESR covered sectors.

Increased ambitions must go hand in hand with incentivising sectors that have not delivered any substantial emission reduction so far, such as agriculture - which only contributed to 1% of the emissions reduction effort for the effort sharing sectors between 2005 and 2018, while still being the third biggest emitter². Member States have often chosen to focus their reduction efforts in other sectors, but agriculture must now also contribute substantially to tackling climate change. The opportunity to develop minimum sector contributions at EU level must be recognised, so that we can equitably share the burden and have all sectors play their designated part.

Placing ESR on the path toward 2050 EU neutrality

Under the current Regulation, several flexibilities have been granted to Member States in view of reaching their overall Effort Sharing targets. Those flexibilities have proven to undermine the overall objective of the Regulation by slowing down efforts by all Member States to decarbonise ESR sectors, in particular agriculture. Expanding those flexibilities would further undermine EU climate action. In particular, the proposal to use increased net removals from the LULUCF sector to compensate for the lack of emissions reduction in the ESR sectors run counter to the principle of ensuring that all sectors contribute to the climate target enshrined in the EU Climate Law. Removals by natural carbon sinks must increase at the same time as fossil emissions are drastically reduced.

In order to provide predictability and confidence for all economic actors, including businesses, workers, investors and consumers, and to ensure a swift and irreversible reduction of greenhouse gas emissions over time in view of reaching net-zero GHG emissions by 2050 at the latest and negative emissions thereafter, the European Commission must set targets beyond 2030. By the end of 2025, and taking into account the GHG budget set out under the EU Climate Law as well as the advice of the European Scientific Advisory Board on Climate Change, the Commission ought to come up with a proposal for EU and Member State ESR targets, as well as EU-level minimum sector contributions, for the period post 2030. These targets ought to be 5-year targets in order to align with the common timeframes agreed during COP26, to fully achieve EU climate commitments, and to reach the climate-neutrality objective as currently set out in the EU Climate Law.

AMENDMENTS

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

² European Environment Agency, National action across all sectors needed to reach greenhouse gas Effort Sharing targets, Briefing, 10 March 2020 - <https://www.eea.europa.eu/themes/climate/trends-and-projections-in-europe/national-action-across-all-sectors>

Amendment 1

Proposal for a regulation Recital 4

Text proposed by the Commission

(4) In Regulation (EU) 2021/1119 of the European Parliament and of the Council³² ('European Climate Law'), the Union has enshrined into legislation the target of economy-wide climate neutrality by 2050. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55% below 1990 levels by 2030.

³² Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Amendment

(4) In Regulation (EU) 2021/1119 of the European Parliament and of the Council³² ('European Climate Law'), the Union has enshrined into legislation the target of economy-wide climate neutrality by 2050. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55% below 1990 levels by 2030. ***That Regulation also lays down an obligation on the Commission to make a legislative proposal, as appropriate, to introduce further intermediary targets, to ensure a swift and irreversible reduction of greenhouse gas emissions over time so as to reach the Union climate neutrality objective by 2050 at the latest and negative emissions thereafter.***

³² Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Or. en

Amendment 2

Proposal for a regulation Recital 13

Text proposed by the Commission

(13) The COVID-19 pandemic has

Amendment

deleted

impacted the Union's economy and its level of emissions to a degree that cannot yet be fully quantified. On the other hand, the Union is deploying its largest stimulus package ever, also having a potential impact on the level of emissions. Due to those uncertainties, it is appropriate to review the emissions data in 2025 and, if necessary, readjust the annual emission allocations.

Or. en

Amendment 3

Proposal for a regulation Recital 14

Text proposed by the Commission

Amendment

(14) It is therefore appropriate to update in 2025 the annual emission allocations for the years 2026 to 2030. This should be based on a comprehensive review of the national inventory data carried out by the Commission in order to determine the average of the greenhouse gas emissions of each Member State during the years 2021, 2022 and 2023.

deleted

Or. en

Amendment 4

Proposal for a regulation Recital 16

Text proposed by the Commission

Amendment

(16) In addition to that flexibility, a limited quantity of net removals and net emissions from land use, land-use change and forestry ('LULUCF') may be taken into account for Member States' compliance under Regulation (EU)

(16) In addition to that flexibility, a limited quantity of net removals and net emissions from land use, land-use change and forestry ('LULUCF') may be taken into account for Member States' compliance under Regulation (EU)

2018/842 ('the LULUCF flexibility'). In order to ensure that sufficient mitigation efforts are deployed until 2030, it is appropriate to **limit** the use of the LULUCF flexibility **by separating the use of such flexibility into two separate time periods, each capped by a limit corresponding to half of the maximum amount of total net removals set out in Annex III to Regulation (EU) 2018/842. It is also appropriate to bring the title of Annex III in line with the amendment to Regulation (EU) 2018/841 carried out by Commission Delegated Regulation (EU) 2021/268 of 28 October 2020³⁷. As a consequence, there is no longer a need for Regulation (EU) 2018/842 to provide for a legal basis allowing the Commission to adopt delegated acts to amend the title of its Annex III. Article 7(2) of Regulation (EU) 2018/842 should therefore be deleted.**

³⁷ Commission Delegated Regulation (EU) 2021/268 of 28 October 2020 amending Annex IV to Regulation (EU) 2018/841 of the European Parliament and of the Council as regards the forest reference levels to be applied by the Member States for the period 2021-2025 (OJ L 60, 22.2.2021, p. 21).

2018/842 ('the LULUCF flexibility'). In order to ensure that sufficient mitigation efforts are deployed until 2030, it is appropriate to **end** the use of the LULUCF flexibility **from 2023 onward**.

³⁷ Commission Delegated Regulation (EU) 2021/268 of 28 October 2020 amending Annex IV to Regulation (EU) 2018/841 of the European Parliament and of the Council as regards the forest reference levels to be applied by the Member States for the period 2021-2025 (OJ L 60, 22.2.2021, p. 21).

Or. en

Amendment 5

Proposal for a regulation

Recital 18

Text proposed by the Commission

(18) The setting of more ambitious targets under Regulation (EU) 2018/841 will decrease the capacity of Member States to generate net removals that can be used for compliance under Regulation

Amendment

deleted

(EU) 2018/842. In addition, the split of the use of the LULUCF flexibility into two separate time periods, will further limit the availability of net removals for the purpose of compliance with Regulation (EU) 2018/842. As a result, some Member States may face challenges in meeting their targets under Regulation (EU) 2018/842, while some Member States, the same or other, may generate net removals that cannot be used for compliance with Regulation (EU) 2018/842. As long as the Union objectives as set out in Article 3 of Regulation (EU) 2021/1119 are met, in particular with regard to the maximum limit of the contribution of net removals, it is appropriate to create a new voluntary mechanism, in the form of an additional reserve, that will help adhering Member States to comply with their obligations.

Or. en

Amendment 6

Proposal for a regulation Recital 18 a (new)

Text proposed by the Commission

Amendment

(18a) Keeping 1,5°C within reach and ensuring climate justice require a collective effort of all sectors of the economy, including from agriculture. In its long-term strategic vision for a prosperous, modern, competitive and climate neutral economy^{1a}, the Commission has confirmed that non-CO₂ GHG emissions from agriculture could be reduced to 211 Mt CO₂ equivalent in 2050, thereby reducing the need for unsustainable negative emissions technologies to reach net-zero GHG emissions. However, some sectors under this Regulation have made very little progress in the past years. Minimum sector contributions to the achievement of

the EU-level greenhouse gas emissions reduction targets set by this Regulation for the year 2030 and beyond, accompanied by proper monitoring, reporting and measures by the Commission, would work to ensure that all ESR sectors contribute to the timely achievement of our climate objectives. Regulation (EU) 2018/1999 of the European Parliament and of the Council requires Member States to develop long-term strategies contributing to the fulfilment of the Member States' commitments to the Paris Agreement objectives and the achievement of long-term GHG emission reductions and enhancements of removals by sinks in all sectors in line with the Union's climate neutrality objective. These strategies, as well as other Member State plans and reports under Regulation (EU) 2018/1999, will be used by the Commission to set and monitor the collective achievement of EU-level ESR sector targets.

^{1a} Communication from the Commission to the European parliament, The European Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank 'A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy'

Or. en

Amendment 7

Proposal for a regulation
Article 1 – paragraph 1 – point -1(new)
Regulation (EU) 2018/842
Title

Present text

Amendment

Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and **amending** Regulation (EU) No **525/2013**

(-1) The title is replaced by the following:

Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 **and beyond** contributing to climate action to meet commitments under the Paris Agreement and Regulation (EU) No **2021/1119**

(‘Climate Action Regulation for Europe’ (CARE))

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

It is appropriate to refer to the recently adopted Union Climate law.

Amendment 8

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Regulation (EU) 2018/842

Article 1

Text proposed by the Commission

(1) *In* Article 1, “30%” is replaced by “40%”;

Amendment

(1) Article 1 is replaced by *the following:*

“Subject matter

1. This Regulation contributes to achieving the objectives of the Paris Agreement and the Union’s objective of balancing greenhouse gas emissions and removals by 2050 at the latest and achieving negative emissions thereafter as set out in Article 2 of Regulation (EU) 2021/1119 (‘EU Climate Law’);

2. This Regulation lays down

obligations on Member States with respect to their minimum contributions for the period from 2021 to 2030 to fulfilling the Union’s target of reducing its greenhouse gas emissions by at least 55 % below 2005 levels by 2030 in the sectors covered by Article 2 of this Regulation;

3. This Regulation also paves the way for the setting of post-2030 Union’s greenhouse gas emissions reduction targets in the sectors covered by Article 2 of this Regulation and of Member States’ minimum contributions to the fulfilment of those post-2030 Union’s targets;

4. Finally, this Regulation lays down provisions for the determination of minimum Union-level individual sector contributions to fulfilling the Union’s greenhouse gas emissions reduction targets for 2030 and beyond set by this Regulation, and for ensuring compliance with those minimum sector contributions.”

Or. en

Justification

Considering the objectives of this Regulation, it is appropriate to refer to the recently adopted EU Climate Law. Moreover, the ambition level included in the reviewed ESR is still far from aligned with the Paris Agreement goals – for which an overall emission reduction of at least 55% compared to 2005 levels would be needed in these sectors; In order to ensure long-term certainty and predictability for Member States, and to allow them to act effectively and swiftly, the European Commission must produce a roadmap for targets beyond 2030.

Amendment 9

Proposal for a regulation

Article 1 – paragraph 1 – point 2 a (new)

Regulation (EU) 2018/842

Article 3a (new)

Text proposed by the Commission

Amendment

(2a) The following Article 3a is inserted:

“Article 3a

Compliance of biofuels, bioliquids and biomass fuels with the sustainability and greenhouse gas emission savings criteria

For the purpose of this Regulation, only biofuels, bioliquids, as well as of biomass fuels which comply with the sustainability and greenhouse gas emission savings criteria established by Directive (EU) 2018/2001 of the European Parliament and of the Council can be considered to have zero emissions.

If the share of biofuels and bioliquids, as well as of biomass fuels consumed in transport, where produced from food and feed crops, is higher than the maximum share established in article 26 of Directive (EU) 2018/2001 of the European Parliament and of the Council, they shall no longer be considered to have zero emissions for the purpose of this regulation.

By January 2024 the Commission shall amend the rules concerning the greenhouse gas emissions determination and reporting requirements enshrined in the Regulation (EU) 2018/1999 pursuant to the first and second subparagraphs.”

Or. en

Amendment 10

Proposal for a regulation

Article 1 – paragraph 1 – point 3

Regulation (EU) 2018/842

Article 4 – paragraph 2

Text proposed by the Commission

‘2. Subject to the flexibilities provided for in Articles 5, **6 and 7** of this Regulation and the adjustment pursuant to its Article 10(2) and taking into account any deduction resulting from the application of

Amendment

‘2. Subject to the flexibilities provided for in Article 5 of this Regulation and the adjustment pursuant to its Article 10(2) and taking into account any deduction resulting from the application of Article 7 of

Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions:

Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions do not exceed the limit defined by a linear trajectory, starting on the average of its greenhouse gas emissions during **2018, 2019 and 2020**, as set out pursuant to paragraph 3 of this Article, and ending in 2030;

(a) do not exceed, in the years 2021 and 2022, the limit defined by a linear trajectory, starting on the average of its greenhouse gas emissions during 2016, 2017 and 2018, as set out pursuant to paragraph 3 of this Article, and ending in 2030 at the limit set for that Member State in column 1 of Annex I to this Regulation. The linear trajectory of a Member State shall start either at five-twelfths of the distance from 2019 to 2020 or in 2020, whichever results in a lower allocation for that Member State;

(b) do not exceed, in the years 2023, 2024 and 2025, the limit defined by a linear trajectory starting in 2022 at the annual emission allocation for that Member State, as set out pursuant to paragraph 3 of this Article for that year, and ending in 2030 at the limit set for that Member State in column 2 of Annex I to this Regulation;

(c) do not exceed, in the years 2026 to 2030, the limit defined by a linear trajectory starting in 2024, at the average of its greenhouse gas emissions during the years 2021, 2022 and 2023, as submitted by the Member State pursuant to Article 26 of Regulation (EU) 2018/1999, and ending in 2030 at the limit set for that Member State in column 2 of Annex I to this Regulation.

Or. en

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last

IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission's proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer contribution to climate action from each sector covered by this Regulation.

Amendment 11

Proposal for a regulation

Article 1 – paragraph 1 – point 3

Regulation (EU) 2018/842

Article 4 – paragraph 3

Text proposed by the Commission

3. The Commission shall adopt **implementing** acts setting out the annual emission allocations for each Member State for the years from 2021 to 2030 in tonnes of CO₂ equivalent in accordance with the linear trajectories set out in paragraph 2.

For the years 2021 and 2022, it shall determine the annual emission allocations based on a comprehensive review of the most recent national inventory data for the years 2005 and 2016 to 2018 submitted by the Member States pursuant to Article 7 of Regulation (EU) No 525/2013 and indicate the value for the 2005 greenhouse gas emissions of each Member State used to determine those annual emission allocations.

For the years 2023, 2024 and 2025, it shall determine the annual emission allocations based on the value for the 2005 greenhouse gas emissions of each Member State indicated pursuant to the second subparagraph and the reviewed values of the national inventory data for the years 2016, 2017 and 2018 referred to in the second subparagraph.

For the years 2026 to 2030, it shall determine the annual emission allocations

Amendment

3. The Commission shall adopt **delegated** acts setting out the annual emission allocations for each Member State for the years from 2021 to 2030 in tonnes of CO₂ equivalent in accordance with the linear trajectories set out in paragraph 2.”

based on the value for the 2005 greenhouse gas emissions of each Member State indicated pursuant to the second subparagraph and on a comprehensive review of the most recent national inventory data for the years 2021, 2022 and 2023 submitted by the Member States pursuant to Article 26 of Regulation (EU) 2018/1999.

Or. en

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission's proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer contribution to climate action from each sector covered by this Regulation.

Amendment 12

Proposal for a regulation

Article 1 – paragraph 1 – point 3 – subparagraph 1 a (new)

Regulation (EU) 2018/842

Article 4 – paragraph 4

Present text

4. Those implementing acts shall also specify, based on the percentages notified by Member States under Article 6(3), the total quantities that may be taken into account for a Member State's compliance under Article 9 between 2021 and 2030. If the sum of all Member States' total quantities were to exceed the collective total of 100 million, the total quantities for each Member State shall be reduced on a pro rata basis so that the collective total is

Amendment

In Article 4, paragraph 4 is replaced by the following:

“4. In order to ensure that sufficient mitigation efforts are deployed equitably across all sectors listed in paragraph 1 of Article 2, by [6 months from the entry into force of this Regulation], the Commission shall adopt a delegated act in accordance with Article 13 of this Regulation, setting out the minimum contribution of each of such sectors to the total annual reduction of emissions allocations at EU level for the years from 2021 to 2030 in terms of

not exceeded.

tonnes of CO₂ equivalent.

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission's proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer contribution to climate action from each sector covered by this Regulation.

Amendment 13

Proposal for a regulation

Article 1 – paragraph 1 – point 3 – subparagraph 1 a (new)

Regulation (EU) 2018/842

Article 4 – paragraph 5

Present text

Amendment

5. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14. **deleted**

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission's proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer contribution to climate action from each sector covered by this Regulation.

Amendment 14

Proposal for a regulation

Article 1 – paragraph 1 – point 3 – subparagraph 1 b (new)

Regulation (EU) 2018/842

Article 4 – paragraph 6 (new)

Text proposed by the Commission

Amendment

In Article 4, the following paragraph is added:

“6. When setting out the minimum contributions referred to in paragraph 4 of this Article, the Commission shall consider:

(a) its projected 2050 emissions for each of those sectors compatible with the Union’s climate neutrality objective and the objectives of the Paris Agreement;

(b) Member States’ projections included in their plans, reports and strategies referred to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018;

(c) the need for a linear reduction of emissions in all sectors to facilitate the cost-effective achievement of the Union’s climate neutrality objective.”

Or. en

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission’s proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer contribution to climate action from each sector covered by this Regulation.

Amendment 15

Proposal for a regulation

Article 1 – paragraph 1 – point 3 – subparagraph 1 b (new)

Regulation (EU) 2018/842

Article 4 – paragraph 7 (new)

Text proposed by the Commission

Amendment

In Article 4, the following paragraph is added:

“7. The Commission shall measure progress towards the achievement of these minimal contributions through the assessment of biennial Member State progress reports as defined in Chapter 4, section 1 of Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018^{1a}

^{1a} Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council “

Or. en

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission’s proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer

contribution to climate action from each sector covered by this Regulation.

Amendment 16

Proposal for a regulation

Article 1 – paragraph 1 – point 3 – subparagraph 1 b (new)

Regulation (EU) 2018/842

Article 4 – paragraph 8 (new)

Text proposed by the Commission

Amendment

In Article 4, the following paragraph is added:

“8. Where, on the basis of its aggregated assessment of Member States’ progress reports, the Commission concludes that the sectors listed in paragraph 1 of Article 2 of this Regulation are at risk of not meeting the minimum contributions set in the delegated act referred to in paragraph 4 of this Article, the Commission shall as appropriate propose measures and exercise its powers at Union level to ensure that each sector meets its minimum contribution;”

Or. en

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission’s proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer contribution to climate action from each sector covered by this Regulation.

Amendment 17

Proposal for a regulation

Article 1 – paragraph 1 – point 3 – subparagraph 1 b (new)

Regulation (EU) 2018/842
Article 4 – paragraph 9 (new)

Text proposed by the Commission

Amendment

In Article 4, the following paragraph is added:

“9. The Commission shall report to the European Parliament and to the Council on a biennial basis on the progress towards the achievement of the minimum sector contributions.”

Or. en

Justification

Early action must be prioritised through a single ambitious trajectory. Indeed, an overwhelming majority of scientific studies reflecting the global consensus, including the last IPCC report, show that 2020-2030 is the decisive decade to act against the climate and biodiversity crisis. The Commission’s proposal is furthermore unnecessarily complicated, which makes it difficult for Member States and other stakeholders to plan policies and investments for the coming decade and can cause a delay of mitigation efforts; Increased ambition must also go hand in hand with incentivising sectors that have not delivered substantial emission reductions so far: EU level sectoral targets would support a fairer contribution to climate action from each sector covered by this Regulation.

Amendment 18

Proposal for a regulation

Article 1 – paragraph 1 – point 3 a (new)

Regulation (EU) No 2018/842

Article 4a (new)

Text proposed by the Commission

Amendment

(3a) the following Article 4a is inserted:

Article 4a

“Member State Commitments and sectoral minimum contributions for the post-2030 period

In view of the Union’s climate neutrality target set out in Article 2 (1) of Regulation (EU) 2021/1119, the Commission shall also propose by the end of 2025, as appropriate, amendments to

this Regulation in order to set Union’s greenhouse gas emissions reductions targets covering the sectors listed in Article 2(1) of that Regulation and individual Member State minimum contributions to fulfilling the Union’s targets, as well as minimum Union-level contributions for each sector listed in Article 2(1) of that Regulation to fulfilling the Union’s targets, for the years 2035, 2040, 2045 and 2050.

When making the proposals for the post-2030 Union and national targets and contributions, the Commission shall take into account the GHG budget as well as the advice of the European Scientific Advisory Board on Climate Change both as referred to in Regulation (EU) 2021/1999.”

Or. en

Justification

In order to ensure long-term clarity and predictability for Member States, and to allow them to act effectively and swiftly, the European Commission must produce a roadmap for targets beyond 2030.

Amendment 19

Proposal for a regulation

Article 1 – paragraph 1 – point 3 b (new)

Regulation (EU)2018/842

Article 5

Present text

Article 5

“Flexibilities by means of *borrowing*, banking and transfer

1. In respect of the years 2021 to 2025, a Member State may borrow a quantity of up to 10 % from its annual

Amendment

(3b) Article 5 is replaced by the following:

Article 5

“Flexibilities by means of banking and transfer

emission allocation for the following year.

2. In respect of the years 2026 to 2029, a Member State may borrow a quantity of up to 5 % from its annual emission allocation for the following year.

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:

(a) in respect of the year 2021, bank that excess part of its annual emission allocation to subsequent years until 2030; and

(b) in respect of the years 2022 to 2029, bank the excess part of its annual emission allocation up to a level of 30 % of its annual emission allocations up to that year to subsequent years until 2030.

4. A Member State may transfer up to 5 % of its annual emission allocation for a given year to other Member States **in respect of the years 2021 to 2025, and up to 10 % in respect of the years 2026 to 2030.** The receiving Member State may use that quantity for compliance under Article 9 for the given year **or for subsequent years until 2030.**

5. A Member State whose reviewed 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 paragraphs 1 to 4 of this Article and Article 6, may transfer that excess part of its annual emission allocation to other Member States. The receiving Member State may use that quantity for compliance under Article 9 for that year or for subsequent years until 2030.

6. Member States **may** use revenues generated by transfers of annual emission

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 the excess part of its annual emission allocation up to a level of **10 %** of its annual emission allocations up to that year to subsequent years until 2030.

4. A Member State may transfer up to 5 % of its annual emission allocation for a given year to other Member States, **subject to the financial payment by the recipient Member State of at least EUR 250 per tonne of CO₂ equivalent transferred.** The receiving Member State may use that quantity for compliance under Article 9 for the given year.

6. Member States **shall** use revenues generated by transfers of annual emission

allocations pursuant to **paragraphs 4 and 5** to tackle climate change in the Union or in third countries. Member States shall inform the Commission of any actions taken pursuant to this paragraph.

7. Any transfer of annual emission allocations pursuant to paragraphs 4 and 5 may be the result of a greenhouse gas mitigation project or programme carried out in the selling Member State and remunerated by the receiving Member State, provided that double counting is avoided and traceability is ensured.

8. Member States may use credits from projects issued pursuant to Article 24a(1) of Directive 2003/87/EC for compliance under Article 9 of this Regulation without any quantitative limit, provided that double counting is avoided.

allocations pursuant to **paragraph 3** to tackle climate change in the Union or in third countries. Member States shall inform the Commission of any actions taken pursuant to this paragraph.

8 Member States may use credits from projects issued pursuant to Article 24a(1) of Directive 2003/87/EC for compliance under Article 9 of this Regulation without any quantitative limit, provided that double counting is avoided.”

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

Given the raised ambition, allowing for borrowing is not appropriate as it would delay action when, on the contrary, it is needed as early as possible. Although flexibilities by means of banking and transfer to some extent are necessary to avoid blockage in the implementation of this Regulation, the percentages are too high to allow a strong incitation to work towards the targets; we propose to decrease them. Finally, it seems appropriate for the transfer of annual emission allocations to other Member States to be subject to a fair payment - we used the shadow cost of carbon for 2030 as referred to in the Commission's technical guidance on climate proofing

Amendment 20

Proposal for a regulation

Article 1 – paragraph 1 – point 4

Regulation (EU) No 2018/842

Article 6

Text proposed by the Commission

(4) *in* Article 6 **the following paragraph 3a is inserted:**

Amendment

(4) Article 6 is **deleted.**

‘3a. Malta shall notify the Commission by 31 December 2023 if it intends to make use of the limited cancellation of EU ETS allowances referred to in paragraph 1, up to the percentage listed in Annex II for each of the years 2025 to 2030 for its compliance under Article 9’.

Or. en

Justification

This flexibility allows the inflow of credits that were generated in the traded sectors into the non-traded sector, making an overly complex system even more complicated, and weakens the incentive for emission reductions in non-ETS sectors.

Amendment 21

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) No 2018/842

Article 7

Text proposed by the Commission

Amendment

(5) Article 7 is **amended as follows:**

(5) Article 7 is **deleted.**

(a) the title is replaced by the following:

‘Additional use of net removals from LULUCF’

(b) paragraph 1 is amended as follows:

(i) the introductory sentence is replaced by the following:

‘To the extent that a Member State’s greenhouse gas emissions exceed its annual emission allocations for a given year, including any annual emission allocations banked pursuant to Article 5(3) of this Regulation, a quantity up to the sum of total net removals and total net emissions from the combined land accounting categories included in the scope of Regulation (EU) 2018/841, may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:’.

(ii) point (a) is replaced by the following:

‘(a) the cumulative quantity taken into account for that Member State for the years 2021 to 2025 does not exceed half of the maximum amount of total net removals set out in Annex III to this Regulation for that Member State;

(aa) the cumulative quantity taken into account for that Member State for the years 2026 to 2030 does not exceed half of the maximum amount of total net removals set out in Annex III to this Regulation for that Member State;’

(iii) paragraph 2 is deleted.

Or. en

Justification

The possibility to off-set emissions from ESR sectors with extra credits from land use accounting (LULUCF, Reg. 2018/841), has slowed down action in reducing emissions in agriculture. The increase of removals in agricultural lands and the forestry sector (LULUCF) must not be used to hide a lack of emissions reductions in other sectors in the ESR, including the agriculture sector; this flexibility gives the false impression that carbon temporarily bound in biomass is equal to carbon bound in fossil deposits, which is hugely problematic as biomass carbon is much more volatile than fossil carbon. Net removals in the land-use sector are inherently unstable and reversible, in addition to being hard to measure, making it extremely difficult to consider these equivalent to emission reductions in other sectors. Overall, removals must increase at the same time as emissions are reduced.

Amendment 22

Proposal for a regulation

Article 1 – paragraph 1 – point 5 a (new)

Regulation (EU) 2018/842

Article 8 – paragraph 3

Present text

"3. The Commission *may* issue *an* opinion regarding the robustness of the corrective action plans submitted in accordance with paragraph 1 and shall in that case do so

Amendment

(5a) In Article 8, paragraph 3 is replaced by the following:

“3. The Commission *shall* issue *a public* opinion regarding the robustness of the corrective action plans submitted in accordance with paragraph 1 and shall in

within four months of receipt of those plans. The Member State concerned shall take utmost account of the Commission's opinion and may revise its corrective action plan accordingly."

that case do so within four months of receipt of those plans. The Member State concerned shall take utmost account of the Commission's opinion and shall revise its corrective action plan accordingly. ***If the Member State concerned does not address a recommendation or a substantial part thereof, that Member State shall provide and make its reasons public.***"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

Accountability and transparency are necessary to incentivise achieving the goals of this Regulation.

Amendment 23

Proposal for a regulation

Article 1 – paragraph 1 – point 6 – subparagraph -1 (new)

Regulation (EU) 2018/842

Article 9 – paragraph 1 – point b

Present text

"(b) the Member State shall be temporarily prohibited from transferring any part of its annual emission allocation to another Member State until it is in compliance with Article 4."

Amendment

In Article 9, paragraph 1, point (b) is replaced by the following:

“(b) the Member State shall be temporarily prohibited ***from using the flexibilities referred to in Article 5 of this Regulation or*** transferring any part of its annual emission allocation to another Member State until it is in compliance with Article 4.”

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

Member States that do not implement this Regulation properly should not have access to any of the flexibilities referred to in Article 5 of this Regulation.

Amendment 24 Proposal for a regulation

Article 1 – paragraph 1 – point 6 – subparagraph -1 a (new)

Regulation (EU) 2018/842

Article 9 – paragraph 1 – point c (new)

Present text

Amendment

In Article 9, paragraph 1, the following point (c) is added:

“(c) the Commission shall impose an excess emissions premium on that Member State equivalent to the amount in tonnes of CO₂ equivalent of the excess greenhouse gas emissions of that Member State in any specific year of the period multiplied by EUR 500.”

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

Member States that exceed their emission allocations should be financially penalised. We propose to fix this penalty to twice the shadow price of carbon as defined by the Commission Guidance on Climate Proofing.

Amendment 25

Proposal for a regulation

Article 1 – paragraph 1 – point 6

Regulation (EU) 2018/842

Article 9 – paragraph 2

Text proposed by the Commission

Amendment

" 2. If the greenhouse gas emissions of a Member State in either the period from 2021 to 2025 or the period from 2026 to 2030 referred to in Article 4 of Regulation (EU) 2018/841 exceeded its removals, as determined in accordance with Article 12 of that Regulation, the Central Administrator shall deduct from that Member State's annual emission

“2. If a Member State exceeds its annual emissions allowance in two or more consecutive years it shall undertake a review of its National Energy and Climate Plan and national long-term strategy. This review shall be completed within 12 months. The Commission may issue Recommendations identifying how the Member State's National Energy and

allocations an amount equal to those excess greenhouse gas emissions in tonnes of CO₂ equivalent for the relevant years.”

Climate Plan and national long-term strategy should be revised. The Member State shall notify the revised plan to the Commission together with a statement setting out how the proposed revisions will remedy non-compliance with the national AEAs and how they have responded to the Commission’s recommendations where relevant. If the National Energy and Climate Plan or national long-term strategy remains substantially unaltered, the Commission shall, if appropriate, open an infringement procedure.”

Or. en

Justification

Member States that exceed their annual emissions allowance in two or more consecutive years should set up clear, transparent and actionable plans in order to remedy the situation.

Amendment 26

Proposal for a regulation

Article 1 – paragraph 1 – point 7

Regulation (EU) 2018/842

Article 11a (new)

Text proposed by the Commission

Amendment

(7) The following article is inserted: **deleted**

‘Article 11a

Additional reserve

[...]

Or. en

Justification

To achieve the emission reductions that are needed this decade, the EU cannot afford creating new loopholes in climate legislation. The distribution of different national targets already takes into account Member States’ different circumstances, making an additional reserve obsolete.

Amendment 27

Proposal for a regulation

Article 1 – paragraph 1 – point 7 a (new)

Regulation (EU) 2018/842

Article 13 – paragraph 2

Present text

" 2. The power to adopt delegated acts referred to in Articles 7(2) and 12(1) shall be conferred on the Commission for a period of five years from 9 July 2018. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

Amendment

(7a) In Article 13, paragraph 2 is replaced by the following:

“2. The power to adopt delegated acts referred to in Articles **4(3), 4(4)**, 7(2) and 12(1) shall be conferred on the Commission for a period of five years from 9 July 2018. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

As a consequence of the amendment on Art. 4(3), 4(4) that foresees a delegated act in replacement of an implementing act.

Amendment 28

Proposal for a regulation

Article 1 – paragraph 1 – point 7 b (new)

Regulation (EU) 2018/842

Article 13 – paragraph 3

Present text

Amendment

(7b) In Article 13, paragraph 3 is replaced by the following:

3. The delegation of powers referred to in Articles 7(2) and 12(1) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

3. The delegation of powers referred to in Articles **4(3), 4(4)**, 7(2) and 12(1) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R0842>)

Justification

As a consequence of the amendment on Art. 4(3), 4(4) that foresees a delegated act in replacement of an implementing act.

Amendment 29

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) 2018/842

Annex III

Text proposed by the Commission

Amendment

(10) ***The title of Annex III is replaced by the following:***

(10) Annex III is ***deleted.***

Or. en

Amendment 30

Proposal for a regulation

Annex – table – column 2

Text proposed by the Commission

Amendment

Column 1 [...]

deleted

Column 1

- 35 %
- 0 %
- 14 %
- 39 %
- 38 %
- 13 %
- 30 %
- 16 %
- 26 %
- 37 %
- 7 %
- 33 %
- 24 %
- 6 %
- 9 %
- 40 %
- 7 %
- 19 %
- 36 %
- 36 %
- 7 %
- 17 %
- 2 %
- 15 %
- 12 %
- 39 %
- 40 %

Or. en

Amendment 31

Proposal for a regulation

Annex – table – column 3 – title

Text proposed by the Commission

Amendment

Column 2

deleted

Or. en