



The Greens | European Free Alliance
in the European Parliament

Member States: stop playing games with our climate!

When it comes to the Paris Agreement, all politicians and national governments agree on the importance of its implementation to the fight against climate change. All claim that they are willing to do their utmost to fulfil their international commitments. But one should not be fooled by their eloquent speeches. Once you take a closer look at what they are actually doing when it comes to policy-making, they are far from trying their best. Instead, they seem to find every possible way to postpone all significant and ambitious measures that would enable Europe to respect its commitments at UN level and would rather leave it to their successors to address the issue!

This is precisely what is happening at the moment in Brussels, where Member States are discussing the EU's climate policy for the period up to 2030. Instead of playing their part and reducing their emissions at home, EU countries are playing every possible trick to make it look on paper as if they were reducing CO2 emissions without having to do anything in reality.

Find below a short Q&A explaining what Member States are doing in relation to one specific climate policy: the Effort Sharing Regulation.

Q&A on the Effort Sharing Regulation

What is the ESR about and which sectors does it cover?

In October 2014, EU Heads of State and Government agreed to reduce EU emissions by at least 40% by 2030 (compared to 1990). This target is to be achieved by reductions in the Emission Trading Scheme (ETS) and in the non-ETS sectors. On 20th July 2016, the Commission published the proposal for an 'Effort Sharing Regulation' (ESR), setting binding national emission reduction targets for the 2021-2030 period for the following sectors: road transport, buildings, agriculture and waste. Taken together, they represent about 60% of the EU's greenhouse gas emissions.

How will this effort be shared among Member States?

Unlike the EU ETS, which is a market based mechanism, the ESR is a governance tool, providing an overarching target of reductions for the EU and assigning individual targets to Member States. Collectively, EU countries will have to achieve an overall EU ESR reduction target of 30% below 2005 emissions levels by 2030. To achieve this, the effort is shared among them (mainly based on GDP per capita) and ranges from 0% to 40% below 2005 levels.

What is the position of the Member States?

Under the ESR, Member States are arguing over the flexibilities, or 'loopholes', that the Commission is proposing. With all the loopholes that the Commission's proposal contains the EU would reduce emissions by only 23% percent, well short of the official target of 30%! However, instead of correcting

what is on the table, EU Member States are fighting to find ways to allow them to do less, so that they can make as few emissions cuts as possible in the sectors where it might be the most challenging for them. And this is knowing that, even without any loopholes at all, the ESR would still be insufficient for Europe to be in line with its commitments under the Paris Agreement! With such an irresponsible attitude from Heads of State and governments, we risk ending up with meaningless climate policy for a full decade.

What are the loopholes?

- The use of forestry and land-use credits
- The access to surplus from the EU's ETS
- A too high starting point

➤ **The use of forestry and land-use credits**

EU countries want to create credits from planting trees and managing soils so that they can make less effort to reduce their emissions in the sectors covered by the ESR. Some countries want to be able to receive credits even in the case that they harvest fewer trees than they had projected! This is very dangerous, as it would give them the perverse incentive to voluntarily make higher projections.

Of course, it is important to encourage the protection and growth of our forests and to take care of our agricultural lands. But this needs to be done *in addition* to, not instead of, making greater emission cuts in other sectors, which is precisely what Member States are trying to do! The reason why the Greens are against this is because burning trees is not carbon neutral: the emissions cuts made by reducing use of fossil fuels are permanent, while this is not the case with forestry and lands. In the case of a forest fire, all the CO₂ would be released immediately. This flexibility can therefore not be used to keep on emitting more in other sectors.

➤ **The ETS surplus**

The EU ETS is not functioning well. There will be a huge surplus of about 3 billion ETS allowances by the end of 2020. Due to this surplus, the price for emitting a tonne of CO₂ remains extremely low. Instead of reducing emissions under ESR, Member States simply want to cancel some ETS allowances! However, this will barely have any effect on the scarcity of ETS allowances, given that the surplus is so large. This flexibility will not impact the ETS price therefore won't lead to lower CO₂ emissions. Here again, the Member States are trying to find other ways instead of addressing the emissions from the other sectors covered by the regulation.

➤ **A too high starting point**

Having a serious starting point is key. Studies show that Member States are already overachieving under the current ESD (the previous targets were very weak), so using 2020 as a starting point based on the emission reduction objective from the former legislation will not encourage them to continue

cutting their emissions. Even worse, they can start increasing their emissions again! Such a situation has to be avoided. The starting point has to reflect actual (business as usual) emissions, except where Member States are failing to meet their 2020 target.

What are the Greens calling for?

These loopholes risk significantly lowering the reductions achieved in the transport, agriculture, waste and building sectors in the period 2021-2030. Flexibility instruments should under no circumstance lead to a reduction of the overall ambition level or to an increased risk of non-compliance.

If the EU is serious about reducing its pollution under the Paris Agreement and improving quality of life for its citizens, it must:

- Close all the loopholes that undermine the transition; Prohibit surplus ETS allowances, reject the use of forestry credits, and don't start at artificially high emission levels.
- Increase the ambition level of ESR and make sure that it can be easily reviewed upwards. One thing is sure: if we take the Paris Agreement seriously, we have to do much more.
- Start thinking long-term. A 2030 timeframe is too short. We need a point at the horizon so sectors know what we are working towards: at least -95% of emissions in 2050.

What will be the advantages of increasing the ambition and making sure Member States will make bigger cuts to emissions?

Bigger cuts in the sectors covered by the ESR will result in clear benefits for citizens: more liveable cities, less noise, better air quality and better health; better public transport with an increase in cycling and walking infrastructure and the uptake of electric and cleaner vehicles. In the agriculture sector, a better connection between farmers and consumers which means better food quality and less water pollution. Finally, investments that lower the energy demand of the building stock would mean more comfortable, affordable and healthier homes and increase job opportunities in a sector that was particularly hit by the economic crisis.

Additional info

<http://www.caneurope.org/docman/effort-sharing-decision/2967-can-europe-position-on-effort-sharing-regulation-5-oct-2016/file>

http://carbonmarketwatch.org/wp-content/uploads/2017/03/EU-Climate-Leader-Board-Where-countries-stand-on-the-Effort-Sharing-Regulation---Europe's-largest-climate-tool_final.pdf