European Commission - Fact Sheet

Factsheet on the Commission's proposal on binding greenhouse gas emission reductions for Member States (2021-2030)

Brussels, 20 July 2016

Questions and answers

1. Clear rules for the modernisation of a low-carbon economy in Europe

The collective efforts of all Member States will be required to modernise the economy and ensure a successful transition to a low-carbon economy. This is a shift that will provide jobs, growth and investment opportunities for Europe while mitigating dangerous climate change. Such a transition requires changes in business and investment behaviour and incentives across the entire policy spectrum. The modernisation of the economy will stimulate investment and innovation in new technologies and ensure the EU can remain a world leader in renewable energy and be competitive in markets for goods and services such as low-emission vehicles and energy efficiency.

Following up on the agreement reached by Heads of State or Government of the European Union in October 2014 and later confirmed in March 2016, today's proposal, the "Effort Sharing Regulation", sets binding annual greenhouse gas emission targets for Member States for the period 2021–2030 for the sectors of the economy not regulated under the EU Emissions Trading System (EU ETS) [1]. These sectors include buildings, agriculture, waste management, and transport accounting for almost 60% of total EU emissions in 2014. Setting the national emissions reduction targets is based on fairness, solidarity, cost-effectiveness and environmental integrity.

Together with July's 2015 proposal for the revision of the EU ETS and today's proposal on how to include the land use sector in the 2030 climate and energy framework, this will ensure the achievement of the commitments by the European Union and its Member States under the Paris Agreement on climate change.

In October 2014, EU Heads of State or Government set a binding economy-wide domestic emissions reduction target of at least 40% by 2030, compared to 1990. All Member States and all sectors should contribute to achieving these emission reductions. To do so in a cost-effective manner, the industrial and power sectors covered by the EU emissions trading system (ETS) should reduce emissions by 43% by 2030 compared to 2005. Other sectors of the economy (the so-called non-ETS sectors) should reduce emissions by 30% by 2030 compared to 2005.

2. Fair and cost-effective distribution of the 30% emission reduction target between all EU Member States

This package of measures presented by the Commission helps Europe to prepare for the future and to stay competitive. It translates the commitments taken by Member States in October 2014 and is primarily addressed to Member States, since they will be in the forefront of deciding how to implement measures to meet the agreed greenhouse gas emission target for 2030.

All Member States will have national emission targets for 2030 expressed as a percentage reduction from 2005 emission levels as well as access to new flexibilities to achieve those targets cost effectively. Collectively, these national targets give an overall EU reduction of 30% in the sectors covered by the proposal. The 2030 targets range from 0% to -40% compared to 2005 levels. The tablebelow includes the target and the level of access to these new flexibilities for each Member State:

Table 1: Proposed Targets and Access to new flexibilities

	2030 target compared to 2005	**Maximum annual flexibility (as a % of 2005 emissions)**	
		One-off flexibility from Emissions Trading System to Effort Sharing Regulation	**Flexibility from land use sector to Effort Sharing Regulation***
LU	-40%	*4%*	*0.2%*

SE	-40%	*2%*	*1.1%*
DK	-39%	*2%*	*4.0%*
FI	-39%	*2%*	*1.3%*
DE	-38%		*0.5%*
FR	-37%		*1.5%*
UK	-37%		*0.4%*
NL	-36%	*2%*	*1.1%*
AT	-36%	*2%*	*0.4%*
BE	-35%	*2%*	*0.5%*
IT	-33%		*0.3%*
IE	-30%	*4%*	*5.6%*
ES	-26%		*1.3%*
CY	-24%		*1.3%*
MT	-19%	*2%*	*0.3%*
PT	-17%		*1.0%*
EL	-16%		*1.1%*
SI	-15%		*1.1%*
CZ	-14%		*0.4%*
EE	-13%		*1.7%*
SK	-12%		*0.5%*
LT	-9%		*5.0%*
PL	-7%		*1.2%*
HR	-7%		*0.5%*
HU	-7%		*0.5%*
LV	-6%		*3.8%*
RO	-2%		*1.7%*
BG	0%		*1.5%*
**Estimate, limit is expressed in absolute million tonnes over 10 years.*			

The proposal continues to recognise different capacities of Member States to take action by differentiating targets according to GDP per capita across Member States. This ensures fairness because higher income Member States will take on more ambitious targets than lower income Member States.

EU leaders recognised that an approach for higher income Member States based solely on relative GDP/capita would mean that some would have relatively high costs for reaching their targets. To address this, a group of Member States with a GDP per capita above Union average should be relatively adjusted to reflect cost-effectiveness in a fair and balanced manner.

The proposal creates a flexible system in which Member States can reduce emissions jointly, across a number of sectors and over time, reflecting also the different structure of Member States' economies. It not only sets national targets, but also provides a number of flexibilities to allow for a fair and cost-efficient achievement of the targets. In particular two new flexibilities are introduced, as described below, that will allow Member States to reach their targets cost efficiently.

3. New one-off flexibility to access allowances from the EU Emissions Trading System

The new flexibility allows eligible Member States to achieve their national targets by covering some emissions in the non-Emission Trading System sectors with EU Emission Trading System allowances which would normally have been auctioned, generating revenue for that Member State.

The eligible Member States and the associated maximum level of access are set out in the proposal (expressed as a % of 2005 base year emissions). EU-wide, this cannot be more than 100 million tonnes CO_2 over the period 2021-2030. In order to preserve predictability in the ETS, eligible Member States have to notify the Commission before 2020 of the amount of this flexibility they will use over the period. Predictability and environmental integrity are maintained because the transfer is strictly limited in volume, and decided beforehand.

4. New flexibility to access credits from the land use sector

In order to stimulate additional action in the land use sector, this proposal permits up to 280 million tonnes CO2 to be credited from certain land categories [2] to be used for national targets over the entire period from 2021-2030. The number of credits which can be used by each Member State is included in the proposal. All Member States have access to these credits for compliance while access is higher for Member States with a larger share of emissions from agriculture. In line with EU leaders' guidance, this recognises that there is a lower mitigation potential for emissions from the agriculture sector.

5. Maintain existing flexibilities: banking, borrowing, buying and selling

In addition, the proposal provides several flexibilities to address cost-effectiveness. In years where emissions are lower than their annual emission allocations (AEAs), Member States can bank any surplus AEAs and use them in later years when limits are lower. In years where emissions are higher than the annual limit, they can borrow AEAs from the following year. This gives Member States the flexibility to deal with annual fluctuations in emissions due to weather or economic conditions.

Member States can also buy and sell allocations from and to other Member States. This is an important vehicle to ensure cost-effectiveness as it allows Member States to access emissions reductions where they are the cheapest and the revenue can be used to invest in modernisation.

6. Emissions Trajectory and Starting Point

The national targets established in the proposal are not just for the year 2030. In fact, the proposal sets a limit for each year in the 10 year period up to 2030. The limit for each year is set according to a decreasing linear trajectory. This ensures year on year reductions and adds integrity to the 2030 target because it is the culmination of reductions over 10 years rather than a stand-alone point. The starting point for the linear target trajectory is set from 2020 as the average emissions in 2016-2018 because this will be the latest data available in 2020. Lower income Member States that were still allowed to increase their emissions until 2020 will have a higher starting point adding the agreed emissions increases between 2018 and 2020.

7. Clear rules for reporting and following up progress

The proposal maintains annual reporting and compliance obligations for the period 2021-2030.

The Commission will evaluate progress towards achieving the targets annually and report on this. If any Member State is not on track, they are required to make an appropriate action plan. In order to reduce administrative burden and to allow for the potential contribution from land use, a comprehensive review of Member States' GHG emissions reports and the more formal compliance check will be organised every 5 years, rather than annually. The first such review will be in 2027 for the years 2021-2025, followed in 2032 for the years 2026-2030. This closely aligns the proposal with the 5-year review cycle set out in the Paris Agreement and is in line with the Commission commitment to Better Regulation.

Where a Member State still does not meet its annual obligation in any year, taking into account the use of flexibilities, the shortfall is multiplied by a factor of 1.08 and added to the following year's obligation.

8. Tools for Member States to meet their national targets

In sectors such as buildings and road transport, many of the important decisions will be taken at Member State level. Policies and measures to lower emissions potentially include traffic management, shifts away from carbon-based transport, taxation regimes, the promotion of public transport, biofuels, urban and transport planning, improved energy performance standards for buildings, more efficient and less carbon intensive heating systems, and renewable energy for heating. Measures to reduce and recycle waste streams and to reduce landfilling also reduce greenhouse gas emissions (in particular methane emissions). The agriculture sector can also contribute by improving the efficiency of production in general. A number of specific mitigation actions also exist such as the production of biogas from manure.

A number of important EU-wide measures will also help Member States to reduce emissions and thus meet their national targets. Complementary legislative proposals are envisaged for later in 2016 to help achieve the targets agreed by the European Council of at least 27% for the share of renewable energy by 2030 and the same target for improving energy (This will be reviewed by 2020, having in mind an EU level of 30%).

Important policies in this context are the Energy Efficiency Directive and the Energy Performance of Buildings Directive. Furthermore, the F-gas regulation will ensure that climate-warming gases (used for instance in fridges and cooling systems) will be replaced by climate-friendly alternatives.

Transport is the largest sector in terms of emissions in the non-ETS sectors, and the only one that has seen emission increases since 1990. Since 2007, emissions have started to decrease. To continue this trend, further policies will need to be put in place. Today's European Strategy for Low-Emission Mobility which is presented together with this proposal addresses further action to reduce emissions in transport.

EU policies benefit from the single market to stimulate innovation and deliver more products and solutions more cost efficiently.

9. The EU on track to meet its 2020 target

The EU is expected to over-achieve its -10% target in the non-ETS sectors as set out in the current Effort Sharing Decision [3].The latest emissions data for 2014 indicates that emissions went down by 13% in these sectors compared to 2005. According to EU projections, in 2020, emissions are expected to be reduced by 16% in these sectors compared to 2005. For almost all Member States, emissions in 2020 are expected to be below their national limits for that year.

More information

DG CLIMA news - website (including legal documents)

Press release: Energy Union and Climate Action: Driving Europe's transition to a low-carbon economy

Fact sheet: Questions and answers on the European Strategy for low-emission mobility

Fact sheet: Questions and answers on the proposal to integrate the land use sector into the EU 2030 Climate and Energy Framework

[1] Today's proposed Effort Sharing Regulation is the follow-up to the Effort Sharing Decision (Decision No. 406/2009/EC) which established national emission targets for Member States in the non-ETS sectors between 2013 and 2020.

[2] The flexibility applies only to net credits generated domestically by afforested land, managed grassland and managed cropland.

[3] Decision No. 406/2009/EC: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2009.140.01.0136.01.ENG

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