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THE EU'S NEW CLIMATE TARGET FOR 2024

BACKGROUND, LEGAL ASSESSMENT AND TARGET ARCHITECTURE



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Federal Ministry
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and Space

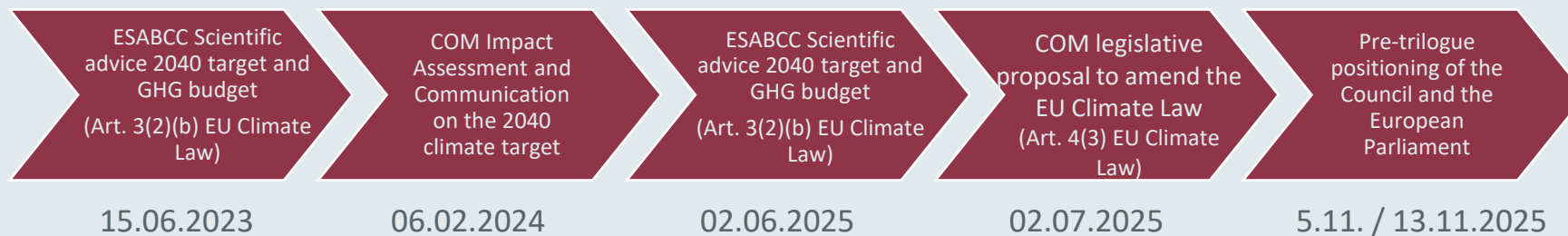
BACKGROUND

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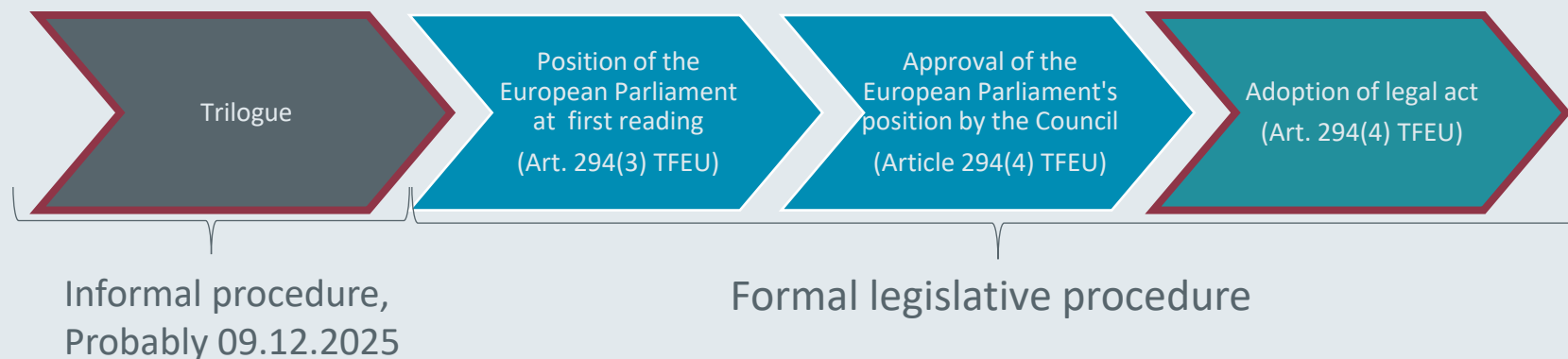


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What has happened so far...



What happens next...



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PROPOSAL FROM THE COMMISSION OF 2 JULY 2025 TO AMEND THE EUROPEAN CLIMATE LAW

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PROPOSAL FROM THE COMMISSION OF 2 JULY 2025

- Legal basis: Article 192(1) TFEU
- Proposal to **amend Article 4 of the EU Climate Law**

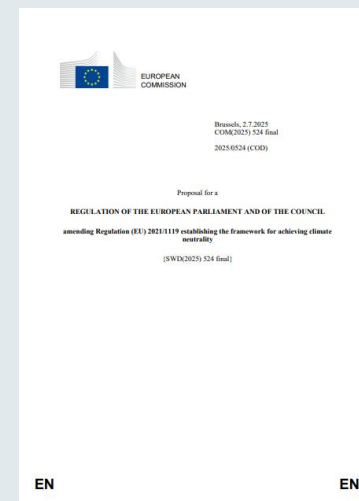


Key points:

- Paragraph 3: Setting a Union-wide target to reduce net greenhouse gas emissions by **90 %** compared to 1990 levels by 2040.
- **Paragraph 4:** With a view to the period after 2030, **the COM shall review the relevant Union legislation** to ensure that the 2040 target and the 2050 climate neutrality target can be achieved.

...with due consideration

- **from 2036, limited role** for high-quality **international credits** under **Article 6** of the Paris Agreement
- Integration of permanent removals in the EU (CDR) **into the EU ETS**
- Greater **flexibility across sectors**
- etc.



ANALYSIS OF FLEXIBILITY OPTIONS



Integrating international credits under Article 6 Paris Agreement into the EU Climate Architecture

2040-TARGET NO LONGER DOMESTIC – LIMITED ROLE OF ARTICLE 6 CREDITS IN ACHIEVING THE TARGET

COMISSION

A **possible limited** contribution towards 2040 target...

≤ 3 %

up to 3 % of the EU's net emissions from 1990 may be offset by international credits in accordance with Article 6 Paris Agreement



Starting from 2036

- Only certificates issued after 2036?
- Crediting from 2036?



origin, quality criteria and other conditions concerning the acquisition and use of any such credits to be regulated by EU law

COUNCIL / EU-PARLIAMENT

An **adequate** contribution towards the 2040 target...

≤ 5 %

up to 5 % of 1990 EU net emissions **corresponding to a domestic reduction** of net greenhouse gas emissions **by 85 %** compared to 1990 levels by 2040



Starting from 2036

But: consideration of **pilot period** (2031-2035) to initiate a high-quality and high-integrity international credit market



More details on origin, quality criteria and other conditions concerning the acquisition and use of any such credits to be reflected in EU law;

EP: When establishing the criteria, the COM shall consider setting **stricter criteria than** those laid down under **Article 6.4** Paris Agreement

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ARTICLE 6 OF THE PARIS CONVENTION – WHAT DOES IT SAY?

- **Cooperation mechanisms:** Contracting Parties are given the opportunity to cooperate in implementing their climate protection targets.

Article 6.2

- **Direct intergovernmental cooperation** based on bilateral agreements (International Transferred Mitigation Outcomes; ITMOs)
- Reduction quantities in Country A can be transferred to Country B and credited to NDC

Article 6.4

- **Paris Agreement Crediting Mechanism (PACM)**
- Global mechanism for **trading emission credits**, for states and private actors
- Central supervision and administration by Supervisory Body
- Reduction quantities in Country A can be transferred to Country B and credited to NDC

Article 6.8

- **Non-market-based approach**
- Cooperation on climate protection without transferring CO2 credits or similar.
- Examples: technology development/transfer, capacity building

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HOW TO ACCOUNT THESE ARTICLE 6 CREDITS?

Commission



*‘International credits should **not play a role in compliance with the rules of the CO₂ market. They should be accounted for on the basis of a linear target path.**’* (p. 2 f. of the explanatory memorandum to the proposal)

- Cautious wording (“should” instead of “must”, “CO₂ market” instead of “EUETS”)
- only in the explanatory memorandum, not in the legal text
- Further regulations are needed to specify exactly how the accounting should be done

Council – General approach

- Initially, there was wording in the proposal for the legal text and in the recital that international credits should not play any role in the ETS,
- but this point was subsequently removed (Doc 14960/25 COR 1 of 10.11.2025)

EU-Parliament – Position for Trilogue

- Recital (8a): *‘(...) International credits should **not play a role for compliance in the EU ETS. (...)’***



Nevertheless, possibility of integration into the EU ETS?

Probably yes as not excluded by legal provisions of the amended EU Climate Law.

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Integration of permanent CO₂ removals in the EU into the EU ETS

INTEGRATION OF NEGATIVE EMISSIONS (CDR) INTO THE EU ETS

- **Consideration of permanent removals in the EU under the EU ETS**
 - Direct Air Capture and Carbon Storage (DACCS)
 - Biogenic Emissions Capture with Storage (BioCCS)
- Limited scope:
 - COM: residual emissions from sectors that are hard to decarbonize ('hard to abate sectors')
 - Council / Parliament: residual hard-to-abate emissions



Unclear, how exactly integration will take place.

- Regulation (EU) 2024/3012 on the certification of permanent CO2 removals, among other things, is likely to be relevant here
- E.g., Article 2(9) of Regulation (EU) 2024/3012 defines what is meant by 'permanent CO2 removal'.

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Greater flexibility across different sectors

GREATER FLEXIBILITY WITHIN AND ACROSS SECTORS

- Regulation **to date: Limited flexibility** between the EU ETS, the Effort Sharing Regulation and the LULUCF
- Will there be greater flexibility in future, at least between the sectors covered by the Effort Sharing Regulation and the LULUCF sectors?
- Commission: no legal text, no recitals, only press release of 2 July 2025:

*‘Concretely, this could give a Member State the possibility to **compensate for the struggling land use sector with an overachievement on reducing emissions on waste and transport**’*

https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1687

- Council and Parliament ask for

*‘enhanced flexibility **within and across sectors and instruments**, to support the achievement of targets **in a simple and cost-effective way**’*

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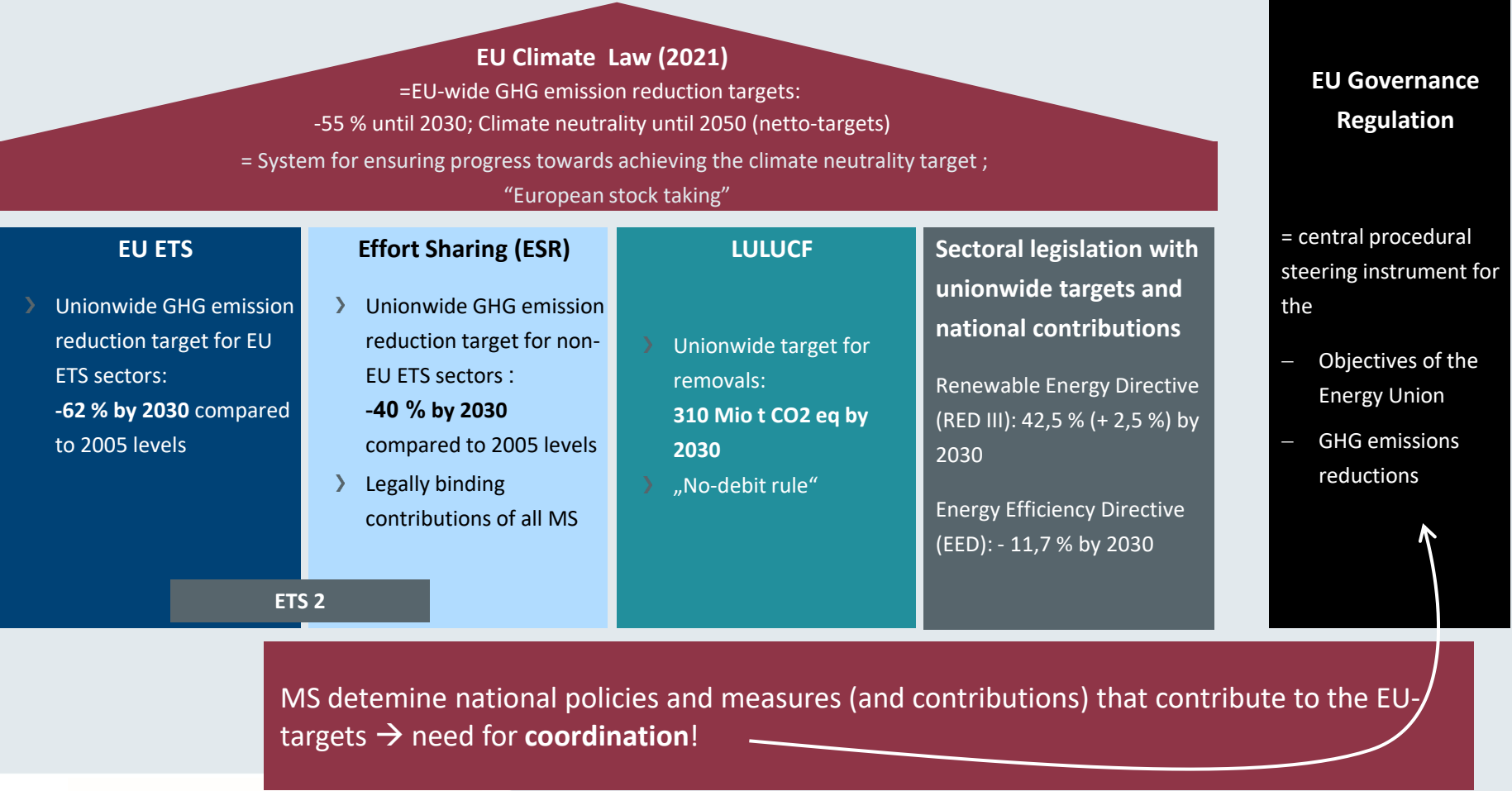
OUTLOOK

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- › Extensive reform processes to be expected in the following years with regard to the entire EU energy and climate legislation
- › Challenge of ensuring the credibility of the 90% climate target given significant concerns about the integrity of Article 6 projects

LEGISLATIVE FRAMEWORK WITH REGARD TO 2030 CLIMATE TARGET



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