

ATTENTION TO:

CEE Country Members of European Parliament

Compromise amendments to the Effort Sharing Regulation: National climate neutrality targets

Why is using the Effort Sharing Regulation (ESR) to implement economy-wide climate neutrality in all EU member states important?

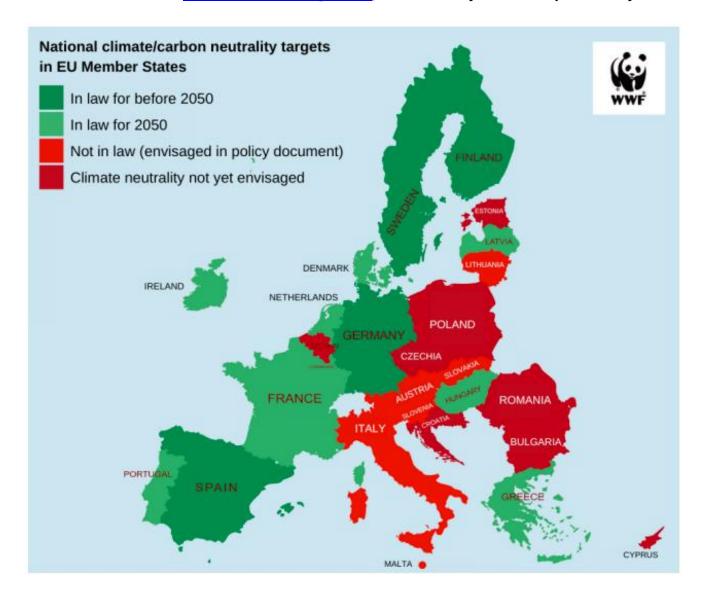
The EU's climate ambition is now clear. A climate neutral Union must be achieved. There is no turning back or postponing. But the shocks of the Covid-19 pandemic and war in Ukraine highlight the urgent need for resilient national commitments to the EU's climate neutrality objective to ensure political leadership endures irrespective of immediate headwinds and the crises of the future. The Fit for 55 review provides an important opportunity to put in place a proven but currently missing cornerstone of resilience in the EU's climate architecture. All member states (MS) must adopt a national economy-wide climate neutrality target to ensure achievement of the EU's target and describe how they plan to achieve it in their updated national Long-Term Strategies with EU Commission (COM) powers to evaluate if these are sufficient to achieve the EU's climate neutrality objective. Why?

- EU COM's Fit for 55 proposals provide no clarity about member state responsibility after 2030. There is an urgent need for all MS to be clear about the scale of reductions and removals needed to achieve EU's climate neutrality objective. This is especially urgent in Central and Eastern Europe.
- Progressive MS are concerned about the lack of transparency about national convergence on the EU's long-term objective. Transparency about convergence would strengthen solidarity and resilience about the EU green deal. CEE MS need this EU solidarity to achieve energy transition.
- Even Europe's countries with strong national climate laws have already recognised that carbon pricing is not enough on its own and must be accompanied with robust national responsibility to achieve the climate neutrality objective. Adopting a national climate neutrality target mobilises the state to become a policy innovator and engage proactively with the public, drives near term ambition, and makes states resilient to external shocks, such as those experienced in CEE now.

ATTENTION TO CEE country Members of European Palriament: In the proposed compromise amendment on ESR Article 15 – the EPP rapporteur is proposing the introduction of Article 15a entitled 'alignment with Union and member states climate neutrality objective.'

Why is this important? The rapporteur's proposal is misleading and missing a critical aspect to climate-neutrality. The title suggests MS already have individual climate neutrality targets - which is incorrect. The current EU target is only collective. The proposed compromise amendment only applies to economic sectors under the Effort Sharing Regulation (ESR sectors) and is not economy wide. Looking at climate neutrality only for the ESR sectors is not the correct approach. Uncertainty exists about whether ESR sectors can reach climate neutrality without more loopholes, accounting tricks and 'flexibilities'. Real national net zero national targets must be economy-wide.

Amendment 393 tabled by the Greens is the best approach and is reasonable because Member States would be leading the target setting process - which 13 EU Countries have already done or are about to, as demonstrated in a <u>national climate target map</u>, assembled by WWF European Policy Office:



Please note the lag of implementing climate neutrality targets specifically in CEE member states!

Our Concerns:

This compromise amendment does not require that this proposal should set ESR targets for 2035 and 2040 (or after 2030). Instead, it contemplates the continuation of Union-level market-based instruments to reduce emissions in the ESR sectors. This amendment is dangerous as it opens the option of repealing ESR after 2030 and goes in the opposite direction of other progressive amendments.

What is needed instead?

To dramatically cut emissions we need *the combination* of national climate neutrality targets and post 2030 ESR targets, EU sectoral measures and carbon pricing. **National targets after 2030 must continue**. The Greens **Amendment 393** guarantees this and gives an extra push *now* to MS to adopt sufficiently ambitious measures **across the LULUCF and ESR sectors**, **especially important in CEE**.

Dear Members of Parliament from Central and Eastern European member states, please protect EU 2050 climate neutrality and CEE energy transition ambition. Support the Greens Amendment!

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