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Veröffentlichungsversion / Published Version
Stellungnahme / comment

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:
Stiftung Wissenschaft und Politik (SWP)

Empfohlene Zitierung / Suggested Citation:
Geden, O., & Schenuit, F. (2019). *Climate neutrality as long-term strategy: the EU's net zero target and its consequences for member states.* (SWP Comment, 33/2019). Berlin: Stiftung Wissenschaft und Politik -SWP- Deutsches Institut für Internationale Politik und Sicherheit. https://doi.org/10.18449/2019C33

SWP Comment
NO. 33 AUGUST 2019

Climate Neutrality as Long-term Strategy

The EU's Net Zero Target and Its Consequences for Member States

Oliver Geden and Felix Schenuit

As a traditional frontrunner in international climate policy, the European Union (EU) is under great pressure to meet global expectations. In 2020, it must present its long-term decarbonisation strategy to the United Nations. Political attention has so far focussed on the lack of consensus among the Member States on whether they should adopt the European Commission's proposed goal of "greenhouse gas neutrality" by 2050. Two aspects of this decision have hardly been debated so far – first, the question of whether this will herald the end of differentiated reduction commitments by Member States, and second, the tightening of the EU climate target for 2030. National governments and climate policymakers will have to take both issues into account.

Since 1990, the EU has reduced its greenhouse gas emissions by 23 per cent. This puts it far ahead of any Western industrialised nation. The EU reduction target for 2030 of at least 40 per cent, submitted under the Paris Agreement, is also comparatively ambitious. Several relevant legislative procedures were completed in 2018: EU-wide emissions trading (ETS Directive), Member States' targets for sectors not covered by the ETS, such as transport and agriculture (Effort Sharing Regulation, ESR), and a new regulation on emissions from land use, land use change and forestry (LULUCF Regulation). In view of these steps, it is very likely that the current EU climate target will be reached by 2030. If the targets for improving energy efficiency and the share of renewable energy — neither of which is legally binding for Member States — are also achieved, a reduction of as much as 45 per cent could be delivered by 2030, according to the Commission.

Global Expectations

At the Paris climate summit in 2015, the EU committed itself to presenting a long-term emission reduction strategy by 2020. At the same time, it is expected that the EU will live up to the promise made in the Paris Agreement to successively increase national contributions to combat climate change (nationally determined contributions, NDCs). This is the only way to maintain the hope that the world will move from its current course of 3 to 3.5 degrees Celsius (°C) by 2100 towards the target corridor of 1.5 to 2°C agreed in Paris. According to the 1.5°C Special Report of the Intergovernmental Panel on Climate Change (IPCC SR1.5), glob-

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al emissions will have to fall to zero in the coming decades. Residual emissions that cannot be eliminated completely or are very difficult to mitigate (e.g. from agriculture, the steel and cement industries, or air traffic) would be offset with "negative emissions" by using biological or technical methods. If only carbon dioxide (CO_2) emissions are considered, these will have to be reduced to "net zero" worldwide by 2050. For the much more ambitious reduction of all greenhouse gases (GHGs) to net zero, the IPCC SR1.5 indicates the target year 2067.

Against this background, the Juncker Commission presented a draft for a long-term EU climate strategy at the end of 2018. The strategy proposes to strengthen the European GHG reduction target for 2050 from the current 80—95 per cent to a (net) 100 per cent in order to achieve "greenhouse gas neutrality" or "climate neutrality". While developing the strategy, the Commission took care to minimise political resistance in three ways. Unlike the climate and energy roadmaps for 2050 presented in 2011, which Poland vetoed, the Member States will not formally vote on the Commission's communication. The Commission document is only seen as a draft strategy, on the basis of which the Council of the EU will develop its own ideas and finally report them to the United Nations (UN). The Commission's strategy favours a zero emissions target for 2050, but it also declares that the current target corridor of 80—95 per cent is compatible with the Paris Agreement. In the Commission's view, the current target corresponds to a fair EU contribution towards reaching the upper limit of the global target corridor of 1.5—2°C, whereas the proposed net zero emissions target by 2050 aims at the lower limit. Furthermore, the Juncker Commission's proposal avoids deriving the obvious conclusion that the EU climate target for 2030 will also have to be tightened if the EU sets a 2050 climate neutrality target.

European Council at the Centre

The European Parliament (EP) demanded a zero emissions target for 2050 as early as the beginning of 2018, but it does not have a role in the decision-making process. Major strategic decisions such as on an overall EU climate target are taken in the European Council and require a consensus among the current 28 heads of state and government. The Member States alone will decide on the strategy document to be submitted to the UN. The EP would only come into play as an equal co-legislator to adjust the main directives and regulations if changes were made to the current 2030 target. In the Council of the EU, Member States would not decide by consensus on legislative issues but by qualified majority voting.
At the meeting of the European Council in June 2019, a consensus failed because of resistance from Poland, the Czech Republic, Hungary, and Estonia. Among other things, they are demanding more time for detailed national impact analyses. They are also pressing for political and financial concessions from the EU, particularly from the climate progressive Member States. By June, however, 22 governments had already explicitly endorsed the Commission's proposal, and in some Member States, such as Sweden, the United Kingdom, and France, national net zero targets have already been adopted. Furthermore, all EU Member States pledged in Paris to aim for global net zero emissions "in the second half of this century". It can therefore be assumed that the European Council will eventually reach an agreement in late 2019 or early 2020 at one of its regular summits.

Elements of the Negotiation Package

The heads of state and government only have to adopt a new long-term climate target. The elaboration and adoption of the strategy to be reported to the UN is left to the Environment Council. There is no predefined format for the resulting documents.

This flexibility gives Member States room for manoeuvre in setting political priorities and deliberately omitting points of disagreement that cannot be overcome for the time being. Much more important politically is the process in the European Council. The crucial decision is, first of all, which net zero target year the heads of state and government can agree on. In addition, some conditions will be set for the implementation of the new strategy.

Two fundamental questions will be at the heart of this. What degree of differentiation between Member States' efforts is still possible and justifiable in the long term (*convergence*)? How do politically attractive and scientifically informed long-term goals relate to the lack of willingness to implement corresponding measures in the short to medium term (*consistency*)?

Net Zero Target Year

The current state of the debate suggests that a zero emissions target for 2050 can be agreed. A later target year or corridor (e.g. 2050—2060) has not yet been suggested by Poland and its allies, although 2055 or 2060 could still be considered "Paris compatible", according to the Commission. This assessment is strongly opposed by environmental NGOs, which usually demand a target year of 2040. However, it is undisputed among climate policy actors in Europe that the EU must achieve GHG neutrality earlier than the global average due to its historical responsibility and its economic capacity.

Options for Future Differentiation

As a precondition for agreeing to a net zero target by 2050, Poland and its allies are already demanding financial compensation. Linking the climate strategy decision to the negotiations over the EU's new Multiannual Financial Framework (MFF) 2021—2027 could further delay the adoption of a new climate target, since MFF negotiations are expected to last until early 2020. But Central and Eastern European countries could also try to maintain the current differentiation of national emission reduction targets until the middle of the century — a demand that has already been indicated. Under this condition, a "net zero" EU would mean that Central and Eastern European countries are not yet at zero by 2050. Their higher net emission levels could be offset by net negative balances in frontrunner countries from Northern and Western Europe, meaning that by mid-century the latter would need to remove more CO_2 from the atmosphere than they emit — a scenario they are not prepared for. This would not only require massive afforestation in the countries concerned, but even more so the use of specific negative emissions technologies. These include the direct capture of CO_2 from ambient air with subsequent underground storage and the use of bioenergy with carbon capture and storage.

In the legal acts adopted in 2018, it was stipulated that from 2021 onwards, national obligations beyond the ETS could be offset to a limited extent by "negative emissions" generated primarily by forestry under the LULUCF Regulation. The Central and Eastern European countries will press for these offsetting options to be expanded. They could find allies in countries whose emission profiles are strongly influenced by agriculture (Ireland) or forestry (Finland).

2030 Climate Target and NDCs

Even though the debate on an EU net zero emissions target for 2050 is so far only marginally concerned with the effects on the 2030 target, both decisions are closely interlinked in terms of procedure and timing. Although it is not mandatory to step up efforts by 2030, failure to do so would damage the EU's credibility.

First, a 40 per cent reduction by 2030 is not compatible with the goal of greenhouse gas neutrality by 2050. This would require an enormous increase in ambitions after 2030, which hardly seems feasible. Second, the Paris Agreement requires parties to submit or update their NDCs for 2030 nine months prior to the 26th UN Climate Sum-

mit (COP26) in December 2020. Since the EU has always been a strong supporter of a "ratcheting-up" mechanism, it is expected to make a substantial contribution. The option of placing the Commission's calculated "de facto" reduction of 45 per cent by 2030 at the centre of the EU's NDC would be unconvincing and could weaken the Paris Agreement as a whole. This is one of the reasons why Member States such as France, Sweden, and the Benelux countries are calling for strengthening the 2030 target. In the run up to her election, the new Commission President, Ursula von der Leyen, has promised the EP an initiative to raise the target to at least 50 per cent. It is questionable, however, whether this can be agreed among the heads of state and government or whether a qualified majority can be achieved in the EU Council.

Furthermore, a little-noticed dimension of Brexit comes into play when the United Kingdom — the second-largest emitter with reductions well above the EU average and a legally binding national climate target of around 57 per cent by 2030 — exits the EU. As a COP26 host, it is anticipated that the United Kingdom will decide not to remain a part of the EU's NDC but to underpin its frontrunner role symbolically with its own NDC. On the basis of today's legally binding targets under the ETS, the ESR, and the LULUCF Regulation, the EU-27 would then only achieve a reduction of about 37 per cent by 2030.

Consequences for Member States

A more ambitious EU 2030 target would not only require a higher annual emission reduction factor in the ETS, but also lead to a complicated re-negotiation of varying national mitigation targets under the Effort Sharing Regulation, covering more than half of the EU's emissions. Current national targets vary between 40 per cent for Luxembourg and Sweden and 0 per cent for Bulgaria (by 2030, compared to 2005). Specific policies or instruments to reach emission reductions are not introduced at the EU level. Therefore, delivery is uncertain. A recent Commission evaluation of draft National Energy and Climate Plans (NECPs) shows that the majority of Member States are expected to miss their targets in 2030 — even with additional measures proposed in their NECPs.

If a Member State misses its reduction target, it is allowed to buy surplus allocations from other Member States that overachieved their targets. For Germany — a country that is expected to miss its ESR targets in the coming years — initial calculations amount to several billion euros by 2030, but only if there are enough overachievers able to sell ESR surpluses, which is far from clear. If Member States are not willing to strengthen national policies in the transport, building, and agriculture sectors, even under current targets the ESR might prove to be ineffective, which again would negatively affect the credibility of EU climate policy.

Given the expected high costs, it does not come as a surprise that Member States such as Germany are willing to agree on a long-term EU net zero target by 2050, but are reluctant when it comes to strengthening national ESR targets for 2030. An EU-wide compromise to raise the 2030 target, however, will not be possible without a new commitment by Germany and other large Member States. A decision in favour of a long-term EU climate neutrality target will only be credible if this is reflected in correspondingly ambitious measures. But because the prospect of missing national targets now entails financial risks for Member States, this might lead to a more cautious approach among national governments.

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ISSN 1861-1761
doi: 10.18449/2019C33

(English version of SWP-Aktuell 38/2019)