

【欧州】 【Common】

Common - “Fit for 55” package: Review of the Effort-Sharing Regulation: European Parliament votes in favour of the revision of the Effort Sharing Regulation (ESR) and the Council formally adopts the new ESR

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【概要 : Summary】

The EU’s Effort-Sharing Regulation (ESR) covers GHG emissions in sectors that are not included in the EU-ETS. The ESR imposes binding annual GHG emission targets for the 27 EU Member States for the period 2021 to 2030 for the sectors buildings, agriculture, waste management and transport. The ESR’s GHG emission reduction target was set at -30% compared to 2005 levels for 2030, based on the ESR Regulation (EU) 2018/842 of 2018.

However, the EU Climate Law made the European Green Deal’s target of reaching carbon neutrality by 2050 legally binding and raised the GHG emission reduction target for 2030 to at least 55% based on 1990 levels. This change made a revision of the ESR target necessary. Accordingly, the proposal COM (2021) 555 final for a revision of the ESR under the “Fit for 55” package of 14 July 2021 increases GHG emission reduction limits for the sectors included in the ESR. The revised ESR will also continue to include the road transport sector’s GHG emissions, among others, although they will be also included in a separate EU-ETS as of 2025.

After the European Commission submitted proposal COM (2021) 555 final to amend the regulation, the proposal entered the EU’s legislative process,

and the European Parliament and the Council of the European Union found a provisional agreement on the revision of the ESR on 8 November 2022 in their trilogue negotiations. The provisional agreement on the revision of the ESR under proposal COM (2021) 555 final was followed by the vote in the European Parliament’s Plenary on 14 March 2023, with the MEPs voting in favour of the ESR revision. Thereafter, on 28 March 2023, the Council of the European Union gave its final agreement to the revision of the ESR. This is the last step of the decision-making procedure before the regulation will be published in the Official Journal and enters into force. The revision of the ESR is one important step towards making the 2050 European Green Deal’s target of climate neutrality a reality and to deliver on the 2030 targets agreed under the European Climate Law.

【記事 : Article】**1. Background: The Effort Sharing Regulation (ESR) of 2018**

The Effort Sharing Regulation (ESR), Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual GHG emission reductions by each Member State from 2021 to 2030 was introduced to contribute to

meeting the EU 's commitments under the Paris Agreement and amended Regulation (EU) No 525/2013 (Regulation (EU) 2018/842). It establishes annual binding GHG emissions targets from 2020 to 2030 for each Member State (MS) for sectors not covered by the EU-ETS or by the LULUCF Regulation (Regulation (EU) 2018/842). The 2018 ESR (Regulation (EU) 2018/842) is the successor to the Effort-sharing Decision No 406/2009/EC (ESD) of 2009, which set the national targets for the 2013-2020 period to deliver on the 2020 target of collectively reducing the total EU-28 emissions from non-ETS sectors by 10%, compared with 2005. The 2018 ESR covers GHG emissions from transport except for aviation and non-domestic shipping, buildings, agriculture, small industrial installations, waste treatment, energy supply and product use, which account for about 60% of the EU 's total GHG emissions that were not included in the EU-ETS (European Parliament 2023b, Yougova 2023, Council of the EU n.d.). The ESR Regulation (EU) 2018/842 distributes the national efforts of emission reduction by ensuring that Member States with higher GDP per capita have higher emission reduction targets (European Commission n.d.a, European Commission 2021). The EU Member States together were expected to deliver a 30% reduction in GHG emissions by 2030 compared to 2005, respectively 29% for EU-27 (European Commission 2021, Yougova 2023).

However, the European Green Deal (COM/2019/640 final) introduced a new net-zero GHG emission target for the year 2050, which required a further reduction of GHG emissions by at least 55% by 2030, compared to 1990 levels. To further reduce GHG emissions of sectors covered by the 2018 ESR for the 2021-2030 period, the binding national targets and annual emissions allocations (AEAs) had to be strengthened (European Parliament 2023b). Accordingly, on 14 July 2021, the European Commission submitted a proposal to amend the 2018 ESR (European Parliament 2023b).

2. The proposal for a revision of the ESR under the “Fit for 55” package

The EU Climate Law (Regulation (EU) 2021/1119) made the EU climate neutrality target of 2050 legally binding and raised the 2030 ambition of reducing GHG emissions to at least 55% by 2030, compared to 1990 levels. If the ESR legislation remained unchanged, sectors currently covered would together achieve an emission reduction of -32% by 2030 compared to 2005 and this would be insufficient (COM (2021) 555 final).

Therefore, the proposal to review the ESR, as presented by the European Commission in the proposal COM (2021)555 final under the “Fit for 55 “ package, aims to contribute to the new 2030 climate ambition of 2030, taking into account the need for all sectors to contribute to the EU' s new climate efforts (Yougova 2023).

To meet the EU' s overall GHG emission reductions target, the Commission proposes to increase the EU-wide emission reduction target for the ESR sectors from currently 29% to 40% by 2030, compared to 2005, representing a significant increase of 11 percentage points compared to the current target (European Commission n.d.a). The ESR would continue to cover the road transport and building sectors, in parallel with their inclusion in a new emissions trading scheme.

National ESR targets continue to be set according to each Member State' s economic capacity and the gross domestic product (GDP) per capita as primary criterion, with adjustments to take cost efficiency into account (European Commission 2022, European Commission n.d.b). The revised ESR would have more ambitious targets per country, ranging from -10% to -50% compared to 2005 (COM (2021) 555 final). The Commission also proposed to establish an additional reserve to help Member States comply with their more ambitious targets (European Commission n.d.a, European Commission n.d.b). In 2025, the Commission intends to adjust the targets per country for the 2026-2030 period (Yougova 2023).

Summarising the planned content of the revised ESR, it will keep the existing architecture and scope and it will continue to cover the road transport and buildings sectors, alongside their planned inclusion in a new EU-ETS (COM (2021) 555 final, European Commission 2021, 2022).

The reason to keeping the sectors buildings and transport (except aviation and non-domestic shipping) included in the ESR despite their inclusion into a new, separate EU-ETS system is that road transport and buildings are responsible for 55% to 60% of the GHG emissions covered by the ESR and need urgently to be reduced (European Commission 2021, Council of the EU 2022a).

3. The European Parliament's and the Council's positions and provisional agreement on the revision of the ESR

Before the final voting in plenary on the revision of the ESR, the European Parliament asked the Commission to ensure the adequacy of the national targets for reaching this objective and also specified that only biofuels, bioliquids, and biomass fuels that meet the sustainability and GHG emission savings criteria could be considered to have zero GHG emissions. It also required a legislative proposal fixing EU-wide targets for non-CO₂ emissions covered by the ESR by 2023. Furthermore, the Parliament wanted to set the EU Member States' AEAs for the 2023-2030 period without readjustment in 2025 and amended the set-up of the linear reduction trajectory. The Parliament also wanted to restrict the rules on banking, borrowing, and trading AEAs, among others (Yougova 2023). On 8 June 2022, the European Parliament adopted its position on the revision of the 2018 ESR in line with the 2050 target of reaching climate neutrality for the trilogue negotiations with the Council of the European Union.

On 29 June 2022, the Council adopted its own negotiation position with the European Parliament on the ESR proposal with its general approach. It

intended to maintain the national contributions; amended the provisions regarding AEAs and the linear trajectory for the 2026-2030 period; reinforced flexibilities; and maintained the additional safety reserve (Yougova 2023, Council of the EU 2022a). In its general approach, the Council agreed to an EU-level GHG emissions reduction target of 40% compared to 2005, for the sectors not covered by the EU-ETS and that the buildings and road transport sectors would be covered under both, the new dedicated EU-ETS and the revised ESR, due to these sectors high GHG emission levels (Council of the EU 2022a).

The Council also agreed to keep the increased national targets assigned to each Member State, as proposed by the Commission. It also added a reference to the fact that achieving the objectives of the regulation requires convergence of all Member States' efforts over time, while considering specific national circumstances (Council of the EU 2022a).

Furthermore, the Council intended to increase the amount of annual emission quotas that can be transferred between Member States to 10% in respect of the years 2021 to 2025, and 20% in respect of the years 2026 to 2030, among others (Council of the EU 2022a).

On 8 November 2022, the Council and the European Parliament reached a provisional agreement on the revision of the ESR (European Parliament 2023a). The provisional agreement preserves the national targets set by the European Commission's proposal for each EU Member State and keeps the increased national targets assigned to each EU Member State. It adjusts the way Member States can use existing flexibilities to meet their targets (Council of the EU 2022b).

Considering uncertainties related to unforeseen events that could have an impact on GHG emissions, the Council and Parliament agreed on an update in 2025 of the linear emission trajectory set for each Member State. This could lead to an adjustment of the annual CO₂ emission allocations

for the period 2026 to 2030 (Council of the EU 2022b). Regarding the flexibilities to help the EU Member States to reach their targets, the provisional agreement also includes a “bank and borrow” system for emission allocations. Member States can bank up to 25% of their annual emission quotas and use the unused allocation in subsequent years in the years 2022 to 2029 and until 2030. When emissions exceed their national quota, EU Member States can also borrow up to 7.5% of their annual quota for 2021–2025 from the following year and up to 5% in 2026–2030 (Council of the EU 2022b).

Member States will also be able to trade the emissions of their annual quota and buy and sell emission quotas between themselves; up to 10% of their annual emissions allocations as regards the years 2021 to 2025, and 15% as regards the years 2026 to 2030 (Council of the EU 2022b, Council of the EU n. d.).

The European Commission explicitly welcomed the provisional agreement reached between the Parliament and the Council in the trilogue negotiations as it increases the ambition of the EU’s ESR for the sectors including building, agriculture, waste, small industry, and transport (European Commission 2022). This provisional agreement of 8 November 2022 still had to be formally adopted by both (European Parliament 2023a).

4. The Parliament’s and the Council’s final adoption of the revised ESR

The provisional agreement on the revision of the ESR under proposal COM (2021) 555 final was followed by the recent vote in the European Parliament’s plenary and the adoption in the Council of the European Union.

On 14 March 2023, the European Parliament’s Plenary adopted at first reading the compromise agreement with the Council of the European Union on the revision of the ESR with 486 votes to 132 and 10 abstentions. It sets binding annual

reductions for GHG emission for road transport, heating of buildings, agriculture, small industrial installations, and waste management for each EU Member State (European Parliament 2023b). On 28 March 2023, the ESR revision’s final text was also formally endorsed by the Council of the European Union.

Regarding the main points, the European Parliament voted in favour of the revision of the ESR, and that the Regulation reduces the allowed maximum level of GHG emissions from transport, buildings, and agriculture in Member States. Also, the Council agreed to the new ESR, which sets an EU-level GHG emission reduction target of 40% by 2030, compared to 2005, for the sectors covered (Council 2023).

The scope of the ESR is maintained and will continue to include road and domestic maritime transport, buildings, agriculture, waste, and small industries (Council 2023).

For the first time, all EU Member States must now reduce GHG emissions in the covered sectors with targets ranging between 10% and 50% (European Parliament 2023b). The reduction targets for each Member State are based on GDP per capita and cost-effectiveness. Accordingly, Sweden, Finland, Luxemburg, Germany, and Denmark will have to reduce their GHG emissions in the covered sectors by 50%, whereas on the other end of the scale, Bulgaria will have to reduce GHG emissions by 10% and Romania by 12.7% (European Parliament 2023c). However, it is also clear that in real terms, the 50% reduction of GHG emissions in the sectors road transport, heating of buildings, agriculture, small industrial installations, and waste management for each EU Member State will be of a significantly higher quantity under a 50% reduction in Germany than the 50% reduction in Luxembourg.

Furthermore, the revised regulation adjusts the way Member States can use existing flexibilities to meet their targets (Council 2023). The ESR revision is expected to help enabling the EU to

reduce its net GHG emissions by at least 55% by 2030 compared to 1990 levels. The final text version of the revised ESR will be published in the EU Official Journal and enter into force 20 days later.

5. Conclusion

The European Parliament and the Council of the European Union found an agreement on the revision of the Effort Sharing Regulation, which was adopted by the European Parliament's plenary on 14 March 2023 and by the Council on 28 March 2023. The new ESR sets binding annual reductions for GHG emissions from road transport, heating of buildings, agriculture, small industrial installations, and waste management for each EU Member State and increases the 2030 GHG reduction target from 30% to 40% compared to 2005-levels. Since the sectors covered by the revised ESR currently generate about 60% of overall EU GHG emissions, which need to be reduced urgently, the revision of the ESR was part of the "Fit for 55" package presented on 14 July 2021 by the European Commission.

The revised ESR is expected to distribute the national efforts to reduce GHG emission of the sectors covered in a fair manner by ensuring that Member States with higher GDP per capita have higher GHG emission reduction targets. The new regulation also contains several flexibilities, enabling EU Member States to reach their national targets in a cost-efficient manner.

Thereby, the new ESR is expected to help achieving the general 2030 GHG emission reduction target of reducing GHG emissions by at least 55% by 2030.

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