

Europe's -20% emissions target is far too weak

The European Union likes to present its climate policies as models of aggressive action. However, at the centre there is a gaping hole: the -20% below 1990 by 2020 emissions cut agreed in 2008 will require virtually no effort in Europe to achieve. Making a move to a deeper target conditional upon aggressive action in other countries, as the policy is now, is therefore misplaced. It is Europe that needs to move, as its reductions are less aggressive than those in other countries, and deeper cuts would in fact yield a financial *benefit*.

No further domestic reductions are required in the EU to meet a -20% 2020 target

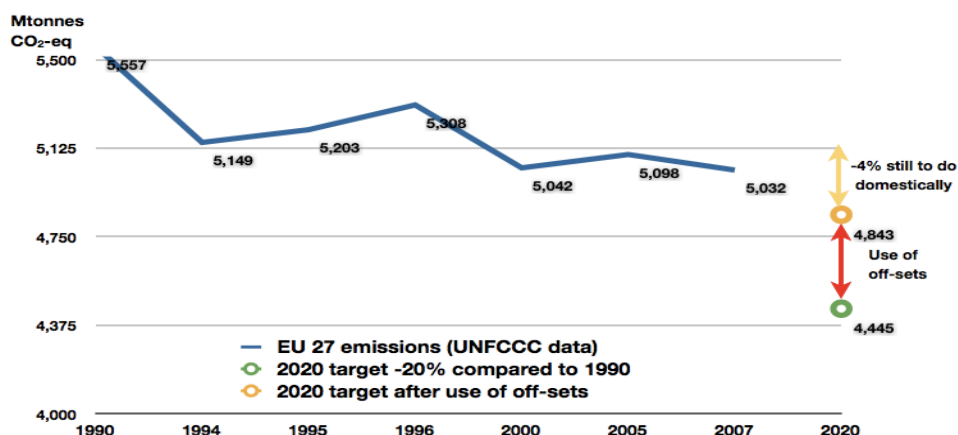
The EU made an official statement at the UNFCCC negotiations in November 2009 in Barcelona, saying that the use of CDM/JI represents only 1/5th of the reductions of 20% below 1990 levels in 2020. This statement was incomplete, and therefore misleading. It does not calculate the proportion of EU targets that can be met through offsetting for **the whole period 2013-2020, i.e the real reduction effort**. Furthermore the EU's assessment does not take into account the effects of the economic crisis. Therefore they underestimate the amount of CDM/JI credits carried over between 2012 and the next commitment period.

In the period 2013-2020 the total reduction effort compared to 2005 levels amounts to 3.7 Gt CO₂-eq¹. In this period around 2.3 Gtonnes CO₂-eq of offsets are allowed to be used for compliance. This means that **64% of the reduction effort can be met through offsets**.

In 2005 EU emissions were around 8% lower than 1990. This means that an additional 12% needs to be reduced by 2020 to achieve the 20% reduction target. If 64% of this additional effort is met through offsets, only an additional 4% needs to be reduced domestically by 2020.

If the currently considered accounting rules on LULUCF were to be used under a 20% reduction target, this sector could reach 3% reductions compared to 1990. As a result, **virtually no additional domestic reductions are required in the EU from now until 2020**.

Figure 1: the 2005-2020 gap can easily be filled.

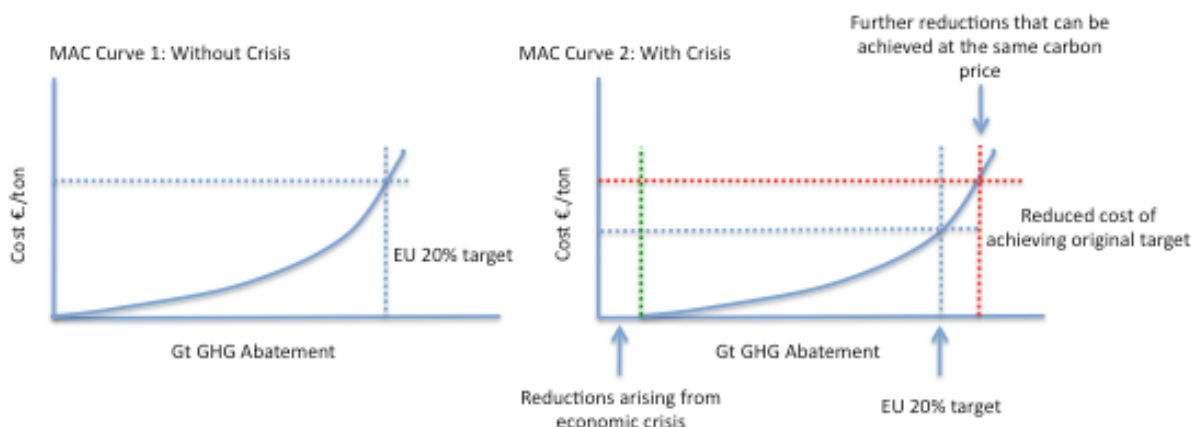


¹ These are figures from the European Commission.

The costs of meeting the EU's emissions pledge will be minimal

As a result of the minimal action needed to reach a 20% cut, **achieving emissions reduction goals is likely to be significantly cheaper than originally modelled**. Starting from lower projected emissions due to the economic crisis, fewer units of positive cost abatement are required to reach a given target, and hence overall costs are lower. This is represented schematically below.

Figure 1: Effects of the Economic Crisis on Marginal Abatement Costs²



The cost of **achieving a 30% pledge is thus estimated to be €104 billion cheaper than the original 20% pledge**.³ This is also reflected in the results of a number of recent cost studies, a number of which are represented in the table below.

Table 1: Costs of Achieving a 30% Reduction Target for the EU.

Study	Cost (GDP) in 2020	Key assumptions
The Climate Group	+1.3 percent (i.e. beneficial impact on the economy due to increased clean investment and efficiency savings)	EU achieves unilateral 30 percent target. Minimal action by other major economies
IIASA	0.00 to +0.02 percent (i.e. beneficial impact)	EU achieves 30 percent as part of a global deal. Based on ambitious estimates of current A1 pledges. Without CDM/REDD credits.
New Energy Finance	ETS costs €203bn lower than reported in February 2008.	

² Cf. presentation by International Institute for Applied Systems Analysis, "The Impact of the Economic Crisis on GHG Mitigation Potentials and Costs in Annex I Countries", Barcelona Climate Talks, 03.11.2009. Available at: http://regserver.unfccc.int/seors/attachments/get_attachment?code=YKPEJBI0878ZLLJXXIAAF7P3Q6Z6O25Y

³ Cf. E3G (2009, forthcoming), "30 Percent and Beyond: Strengthening EU Leadership on Climate Change", E3G Briefing Note, pp. 3.

Tougher targets yield greater benefits

Strong mitigation policies are likely to have **significant co-benefits**, in terms of decreased expenditure on fuels, increased energy security, increased revenues from low carbon technologies, and new jobs. Some of these are detailed in the table below.

Table 2: Benefits of Mitigation Policies for the EU.

Study	Benefits
The World Energy Outlook 2009 20% reduction in energy-related CO ₂ emissions by 2020 (relative to 2007) to meet 450 Scenario.	Annual oil and gas bill reduced by more than \$90 billion in 2020 and \$240 billion by 2030, compared to the reference scenario. Reduced gas demand by 7% in 2020 and 18% in 2030, compared to the reference scenario.
The Climate Group 2009	A net increase of 1.1 million jobs by 2020.
International Institute for Sustainable Development and International Relations 2009 450 ppm scenario	Carbon constraints in the EU would increase demand for heavy materials and open new global markets for more efficient solutions such as low carbon steel.
Potsdam Institute for Climate Change Research	If the EU reduces by 30% by 2020 it will see benefits, even if other countries in the world delay own policies.

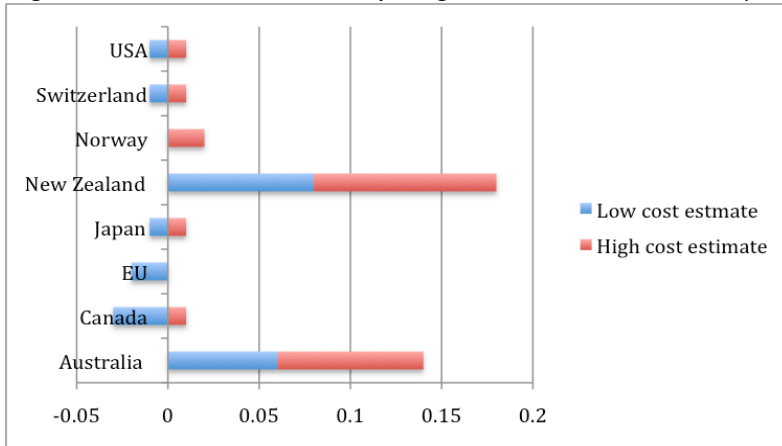
EU cuts are weaker than pledges in most other countries, even at -30%

In terms of comparability of effort, the EU's target(s) are less stringent than other developed countries' targets. According to den Elzen et al., under a "comparable effort scenario"⁴ for stabilization at 450 ppm the EU receives a 35% target by 2020 compared to 1990.⁵ The costs of countries' maximum pledges are shown below.

⁴ With an aggregate target of 30% by 2020 for developed countries, and a 16% deviation from BAU by 2020 for developed countries (19% including REDD and LULUCF). This is consistent with a 450 ppm scenario. The target is derived from the average of 6 different measures of comparability of effort: equal baseline reductions, equal marginal abatement costs, equal costs (excluding IET and CDM), equal costs (including IET and CDM), converging per capita emissions, triptych (based on (1) converging criteria for meeting certain technological standards or targets at the sector level, and on (2) accounting for structural differences).

⁵ Michael den Elzen et al. (2009), "Pledges and Actions: A Scenario Analysis of Mitigation Costs and Carbon Market Impacts for Developed and Developing Countries", the Netherlands Environmental Assessment Agency, pp. 51.

Figure 2: Costs of maximum pledges as % of 2020 GDP (adapted from IIASA 2009)



Europe can easily do far more domestically

At EU level and around Member States there are numerous studies identifying not just the financial benefits of deeper cuts, but also the technical potentials. The most recent study shows the potential for 40% emissions reductions entirely within Europe⁶.

The Commission seems to agree – in energy efficiency, it estimates that the measures set by the Ecodesign for Energy-Using Products Directive (EuP) Directive could deliver emission reductions of approximately 750 Mt CO₂ by 2020. Ambitious measures for boilers and water heaters alone would be capable of cutting 210 Mt CO₂ emissions. Further, bringing buildings which are undergoing renovation anyway up to contemporary standards would save 460 Mt CO₂ per year, a goal the revised Energy Performance of Buildings Directive (EPBD) could have set.

Just these two areas, EuP and EPBD, could in theory account for reductions larger than the gap between our projected BAU emissions in 2020 and a 20% target. They would alone cover most of a gap to a 30% target, and take large bite out of a 40% target. Whether this is realised depends on how effectively they are implemented – but the EU **lacks the incentive of a tougher target**, which is undermining ambition on these and other policies.

Increasing Europe's target will help get a good global climate deal

Europe's conditional 30% target was set in 2007 – before the new, even more worrying climate science; before climate policy had taken any shape in the United States; before increased pledges from Australia and Japan, before proposed actions from Indonesia, South Korea, Mexico, China, India, South Africa...

There is momentum from other countries toward meaningful reductions, but taken together they are still falling short of what's needed. The logic of Europe's conditional target should therefore be updated, being reformulated as a 30% unilateral commitment with a conditional 40% cut, spurring further offers that will get us into the range of adequate reduction commitments.

Staying at -20% would look very much like Europe turning its back on a process it has led for a decade. This would be not only self-destructive, but would put any hope of a climate deal, not to mention saving the climate itself, at risk. A revised proposal would be just the game-changing approach Europe needs to take to push for a meaningful result from the negotiations.

⁶ Stockholm environment institute, 2009, 'Europe's Share of the Climate Challenge'.