Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With 200 member organisations active in 40 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

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CAN Europe letter calling for an ambitious EU 2040 climate target and NDC in line with 1.5°C science and equity

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To: Environment and Climate Ministers of the EU Member States

Ahead of the 10-11 July Informal Environment Council and after the release of the 2040 EU Climate Law amendment proposal, we call on you to advance discussions for delivering an ambitious domestic EU 2040 climate target and NDC in line with 1.5°C science and equity. While the effects of increasing global warming are dramatically felt in both the EU and the rest of the world, the latest EU barometer confirms that more than 80% of European citizens still regard climate action as a key priority. As highlighted by the European Climate Risk Assessment, acting timely and decisively will bring a wide range of benefits: following a more ambitious pathway, the EU could gain at least €1 trillion by 2030.

Last week, the European Commission published its **amendment proposal to the European Climate Law**, proposing a 2040 climate target of 90% net emission cuts (compared to 1990 levels). While we recognise the effort and importance of not proposing an even lower number as demanded by some Member States, we would like to underline that **the proposed 2040 climate target lags behind a science-aligned and fair EU contribution**. Both the Commission's own Impact Assessment and the European Scientific Advisory Board on Climate Change (ESABCC) recommend a 90-95% net domestic target, and indicate that higher ambition levels are most beneficial and better reflect equity principles. Earlier this year, coalitions of businesses, investor groups, local and regional authorities, trade unions and civil society groups called for an "at least 90%" net target[1]. Last month, 150 signatories from civil society organisations, academia and businesses demanded not to include international credits in the 2040 target and NDC. CAN Europe reiterates that, to align with the 1.5°C temperature limit and equity, **the EU should achieve domestic net zero emissions by 2040 at the latest**, based on at least 92% gross reductions compared to 1990 levels.

Ahead of COP30, it is critical that the EU demonstrates leadership by delivering an ambitious NDC under the Paris Agreement that lives up to the Union's responsibility as a historic emitter and affluent region that can drive ambitious climate action by other large emitters. To this end, **the domestic 2035 NDC target must be derived from an ambitious 2040 target. CAN Europe calls for a domestic 2035 climate target of at least 94% net emission reductions by 2035**, including at least 82% gross emission reductions (based on the proposed climate neutrality by 2040 at the latest).

The inclusion of international carbon credits (Article 6 of the Paris Agreement) **will severely undermine the ambition and environmental integrity of the EU contribution, posing serious threats to the EU credibility and leadership.** The Article 6 Rulebook finalised at COP29 lacks many of the key requirements for robust carbon trading and quality control measures that the EU itself has pushed for during nearly a decade of UNFCCC negotiations. As a result, it opens the door to credits of questionable environmental quality and/or causing negative impacts locally, which could include human rights abuses.[2]

Making use of Article 6 credits within the proposed 90% net EU target, even if only from 2036 onwards, would only delay and increase the costs of the inevitable transition of the EU economy,

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[1] https://www.corporateleadersgroup.com/news/business-and-investors-call-eu-set-greenhouse-gas-emissions-reduction-target-least-90-2040 and https://caneurope.org/hac-2040-letter/;

[2] The earliest Article 6 deals already testify to problems: Switzerland-Thailand, Switzerland-Ghana, and Guyana, for example. An assessment of the first batch of credits that will be issued under Article 6.4 also uncovered that they likely account for 26x more carbon credits than what would reflect reality. First wave of Article 6 carbon credits misfire spectacularly - Carbon Market Watch

harming investment certainty, competitiveness, with far-reaching financial implications for the EU and Member States. The ESABCC has reiterated that the recommended 90-95% target for 2040 should not include international credits. Each year, the EU would need to transfer up to tens of billions of euros outside of its borders to buy credits. This raises important questions regarding the acceptability of this operation to the general public, as investments are needed in the EU as well as for accompanying social measures. These financial risks would even be exacerbated if Article 6 credits were to be integrated into the **EU Emissions Trading System (ETS)**, which could lead to EU industries paying their competitors for credits and to reduced ETS auctioning revenues for Member States. So while CAN Europe resists the inclusion of credits in the EU target, **we stress the importance of not considering them for carbon market compliance, as the EC also suggests in its proposal.**

Moreover, we are concerned about further proposed flexibilities. Ambitious EU climate targets should be underpinned by a robust policy framework: **allowing more flexibility for Member States to meet sectoral targets risks weakening incentives for progress in key sectors** like transport, buildings, or agriculture, undermining the core logic of economy-wide decarbonisation. National-level binding targets must continue to play a key role.
As also recommended by the ESABCC**, three separate and distinct targets and policies need to be established for a) gross emissions reduction, b) net carbon dioxide sequestration in the land use (LULUCF) sector and c) permanent industrial carbon dioxide removals** based on a thorough assessment of their sustainable scale-up, taking into account risks, benefits and trade-offs.
We note that while the EU amendment proposal (new Art. 4.4b) is formulated vaguely, the Commission seems to pursue the integration of **domestic permanent removals into the ETS**. **We do not support this idea**, and call for a proper impact assessment on how to apply permanent CDR. Including CDR in the ETS risks turning it into an offsetting mechanism rather than a tool for real emission cuts. It is unlikely to incentivise high-quality removals, and with the CRCF's weak standards, it risks becoming yet another policy tool fuelling biomass use at the expense of the already declining LULUCF sink.
The upcoming NDC should integrate targets for the EU to phase-out coal by 2030, fossil gas by 2035 and oil by 2040; responding to the COP28 Global Stocktake decision. **Ambitious and binding post-2030 EU energy efficiency and renewable energy targets**, are key to reach climate neutrality while enhancing energy security, bringing down energy bills, increasing domestic renewable production and ending fossil fuels imports. In our view, there are various critical enabling conditions that would allow the EU to achieve ambitious and science-aligned climate targets domestically, as highlighted in a recent policy brief.

Instead of quarrelling with each other how to further weaken the actual impact of the 2040 target through bigger loopholes, Member States must rise to the climate reality now for its citizens, businesses, and the international community. The EU to adopt ambitious domestic 2040 and 2035 NDC climate targets in time for the UN September deadline, and pursue greater efforts for 2030, is a fundamental concrete signal to join forces to protect the credibility of the Paris Agreement and its urgently needed implementation, exactly ten years after its historical adoption.

Yours sincerely,

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