Council of the
European Union

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DRAFT MINUTES

COUNCIL OF THE EUROPEAN UNION
(Environment)

4 November 2025

1. Adoption of the agenda

The Council adopted the agenda set out in document 14489/25.

2. Approval of "A" items

Non-legislative list 14602/25

The Council adopted all "A" items listed in the document above, including all linguistic COR and REV documents presented for adoption.

Legislative deliberations
(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

3. European Climate Law amendment ❶C 14715/25
General approach

The Council reached a general approach on the European Climate Law amendment Regulation as set out in document 14960/25 + COR 1.

Austria, Germany, Hungary, Latvia, Lithuania, Slovakia and the Commission presented statements, as set out in the Annex.

Non-legislative activities

4. EU submission of an updated Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) 14716/25
Approval

Any other business

5. **Current legislative proposals (Public deliberation in accordance with Article 16(8) of the Treaty on European Union)**

Urgent need for postponement and substantive simplification of the EU Deforestation Regulation (EUDR) ❶ C 14736/25
Information from Austria

The Council took note of the information provided by Austria, as well as the interventions by other delegations.

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❶ First reading

C Item based on a Commission proposal

ANNEX

Statement to the legislative "B" item set out in doc. 14489/25

Ad "B" item 3: **European Climate Law amendment**
General approach

STATEMENT BY AUSTRIA

"Austria takes note of the ambitious goal set forth in the EU Climate Law to reduce greenhouse gas emissions by a net 90% by 2040. It is clear that such ambitious targets require the establishment of a robust and reliable enabling framework, providing legal certainty safeguarding a solid European industrial base and avoiding carbon leakage.

Acknowledging that not all specific details can be finalized within the current iteration of the EU Climate Law, and that many aspects will be addressed in forthcoming legislative proposals, it is still essential that the Climate Law provides a clear and predictable framework for our enterprises to ensure its effective transition to a low-carbon future.

The transformation towards climate neutrality is an opportunity for innovation and growth. At the same time, we must also be mindful of the risks and challenges that accompany this transition. To enable a supportive environment for our industry, it is vital that we restore an attractive investment climate that ensures economic competitiveness, employment and social stability.

In this context, the following key elements remain of particular importance for Austria:

- **Slower phase-out of allocation of free Allowances in the ETS from 2028:**
    - Austria emphasizes the need for the extension of free CO2 allowances in the EU Emissions Trading System (ETS) beyond 2034 as a necessary complement to the slower phase-out of free allowances starting in 2026.
    - In addition, it is crucial to flatten the phase-out trajectory of free allowances starting from the year 2028 to avoid undue burden on industries during the transition period.

- Both should be adequately reflected in the revision of the ETS Directive and the CBAM regulation.
- Austria calls upon the European Commission to submit the respective proposals as soon as possible.

- **High-quality International Credits under Art. 6 of the Paris Agreement:**
  - Austria supports the proposal to allow the use of international credits in the ETS before 2036, under strict environmental and sustainability criteria.
  - The potential inclusion of international certificates should be carefully examined within the framework of an impact assessment to ensure that it aligns with the overall decarbonization goals. The possible use of these certificates in the ETS should be examined in an open-ended way."

STATEMENT BY GERMANY

"Germany supports a 90% reduction in net emissions by 2040, as proposed by the European Commission, subject to three conditions:

1. The German contribution must be consistent with Germany's national 2040 climate target. It is important to emphasize that the new EU climate target for 2040 must not result in additional reduction requirements or obligations for the sectors concerned in Germany.

2. The integration of permanent sinks into EU policies;

3. A contribution of high-quality international credits amounting to a maximum of 3 percentage points of the 2040 interim target.

In addition, effective carbon leakage protection must be guaranteed in order to maintain our added value.

Based on these conditions, the following priorities must be taken into account in the design of the upcoming EU 2040 climate package and also with a view to the upcoming Trilogues with the European Parliament:

Firstly, international certificates under Article 6 of the Paris Agreement should serve as a "safety net", while the EU climate protection framework will be calibrated towards a 90% reduction. The option of using international certificates should be applied in those sectors that are experiencing the greatest difficulties in achieving their targets. The ETS should also be taken into account in this context, although the direct use of international certificates for compliance in the ETS will not be permitted.

Secondly, the reference value for the limited role of Article 6 credits should directly refer to the 2040 interim target. We understand Article 4(5)(a) of the amended EU Climate Law in the sense that starting from 2036, there may be a limited contribution towards the 2040 climate target of high-quality international credits under Article 6 of the Paris Agreement reaching up to 3% of 1990 net emissions by 2040.

Thirdly, the integration of permanent negative emissions – to a limited extent – into the ETS must be done in a way that preserves its integrity and does not lead to a failure to achieve the necessary emission reductions. In addition, the sustainability of permanent negative emissions must be ensured.

Forthly, according to the EU Commission's impact assessment of the 2040 climate target, relevant emissions are still expected in the ETS sectors in 2040. We understand Recital 8a, fourth sentence, in a sense that the linear reduction factor in the EU ETS will be adjusted from 2036 on so as to reflect residual emissions in relevant sectors compatible with a 90% emissions reduction by 2040.

Fifthly, the Carbon Border Adjustment Mechanism must be designed to be unbureaucratic and efficient. In this context, we welcome the simplifications already agreed upon as part of the Omnibus Package. In addition, the European Commission must promptly submit regulatory proposals for a uniform EU-wide and WTO-compliant adjustment for exports of products covered by the CBAM. If effective carbon leakage protection cannot be achieved through the CBAM, competitiveness for export-oriented industries should continue to be regulated through the free allocation of allowances.

Finally, the German government supports the sector expansion for electricity price compensation proposed by the European Commission."

STATEMENT BY HUNGARY

“Hungary cannot support the 90% net emission reduction target, therefore we cannot support the general approach. Such a level of ambition is not compatible with the objective to strengthen Europe’s competitiveness and economic resilience. Without realistic and effective enabling conditions, there is a serious risk that European companies will relocate their production and emissions outside the Union, leading to deindustrialisation, job losses and increased dependence on external actors, while at the same time undermining emission reduction efforts.

The proposal is not underpinned by an updated impact assessment that would reflect recent major geopolitical and economic developments. No Member State-level analysis have been presented, which means the differentiated impacts on Member States remain unknown. The situation is therefore similar to the adoption of the Fit for 55 package, the European economy needs to adapt to climate measures, and not vice versa.

Although we support climate ambition, we call for a realistic, down to earth approach and we believe the wise choice would be to start from a lower target level, reflecting our economic realities. Our commitment to ambition is also demonstrated by our achievements, Hungary has already achieved 48% emission reduction compared to 1990, well above the EU average. At the same time, a number of Member States have not made comparable progress, raising the question how the collective target can be met in a fair and balanced way. We all bear responsibility for our citizens. In that sense we urge that Member States who with their votes drew the attention of the Council to the unfeasibility of the 90% target should not be held liable for an eventual failure of the 2040 EU target. Early achievements should be duly recognised in the upcoming framework.

Furthermore, given the significant uncertainties in the LULUCF sector and the rate of uptake of technological carbon removals, it is not appropriate to base binding net emission reduction target on assumptions about sinks.

Although we note some improvements in the compromise text, particularly on the revision/review clause, these changes remain insufficient. There are still many open questions regarding the methodology, implementation and robustness of the framework.

Furthermore, measures such as ETS2 are expected to aggravate the situation by raising costs for households and small businesses, risking social backlash and diminishing public support for climate policy, while it does not lead to significant emission reductions.

Finally, we regret that the negotiations of such a fundamental file were conducted under considerable time pressure, which is not appropriate for a decision of such long-term strategic importance. A balanced, evidence-based and credible approach is necessary to ensure that the 2040 framework remains realistic, socially acceptable and consistent with Europe's competitiveness objectives."

STATEMENT BY LATVIA

"While supporting the text of the General Approach to the European Climate Law, Latvia would like to emphasise the following aspects, which will be crucial for the successful implementation of the transition to carbon neutrality in our country.

A detailed impact assessment is needed when developing and deciding on the future legislative framework to ensure that the burden of emission reductions is shared fairly and is enforceable in all Member States, considering their different socio-economic situations, emission structure and emission reduction potential of each sector, especially the LULUCF aspects, including the complex nature and high inherent emission potential of organic soils, and geopolitical challenges.

It is our clear understanding that sustainable bioenergy remains as part of the renewable energy portfolio, without creating additional burdens and restrictions on its use, especially regarding resources obtained within the EU, where a sustainable approach to forest management is applied.

We understand the review clause enshrined in the European Climate Law as a mechanism for reviewing the overall target, if data show that the real implementation achievements deviate from the desired trajectory towards the 2040 goal."

STATEMENT BY LITHUANIA

“Lithuania supports the adoption of the general approach on the amendment of the European Climate Law.

However, Lithuania considers it important to ensure that there are sufficient enabling conditions and flexibilities in place for all Member States to meet the 2040 climate target – including a clear reference to EU measures to address socio-economic challenges and ensure public acceptance after 2032, when the Social Climate Fund expires – and that innovative technologies are available and affordable in all Member States.

Furthermore, Lithuania stresses the importance of multiple objectives in the agriculture and land use sectors, noting their limited mitigation potential and sensitivity to natural phenomena. It is also necessary to ensure coherence between the EU’s food security, the competitiveness of the sector and the very ambitious climate objectives.

It is of the utmost importance to ensure that the legislative package to be presented in 2026 that will give effect to the EU’s 2040 climate target includes greenhouse gas (GHG) reduction targets for the agriculture and land use sectors that make economic sense. Without adequate safeguards and effective support measures, especially financial instruments, the EU’s ambitious GHG commitments may lead to higher production costs, food prices and food security risks.

Unequal conditions among EU farmers, where the convergence of direct support is not guaranteed, further increase the risk of distortion of the principle of fair competition in the agriculture sector. In this regard, Lithuania calls on the Commission to explore how best to ensure effective technologies and measures for competitive, resilient and sustainable agricultural development, while optimising the sector’s contribution to GHG reduction and removal through sustainable land use and reforestation.”

STATEMENT BY SLOVAKIA

"The Slovak Republic is committed to the decarbonisation efforts and to the EU objective of reaching climate neutrality by 2050. The Slovak Republic already fulfils its 2030 decarbonisation objective. Our energy mix is emissions-free after coal has been phased out. Having in mind the competitiveness of the European industry we believe that emissions reduction objectives should be made more realistic rather than stricter. The long-term decarbonisation objectives need to be set in the right way, with strong political ownership and a robust enabling framework. The process of setting the 2040 Climate Target is of strategic importance. Following a clear call from Member States, including the Slovak Republic, the European Council held a political discussion and provided its guidance in October 2025. However, an agreement on a concrete level of the 2040 Climate Target was not reached, which reflects the complexity of the issue.

The Slovak Republic considers the proposed target level of 90% to be overly ambitious. Considering the current geopolitical context, the decline in natural carbon sinks, and the pace of technological progress, the feasibility of such a target level raises legitimate concerns. For this reason, the Slovak Republic cannot agree with the General Approach on the European Climate Law.

The principle of technological neutrality must be maintained and reflected in all upcoming legislative and non-legislative proposals. In line with the European Council conclusions of October 2025, we call for industrial decarbonisation to be pursued in a technologically neutral manner. The recently published Commission Work Programme for 2026, which only includes a new renewable energy framework, raises concerns in this regard. While we fully support the ambition to accelerate the energy transition, the Slovak Republic does not consider the post-2030 continuation of the frameworks set in the Renewable Energy Directive and the Energy Efficiency Directive neither as necessary nor in line with the proposed wording of Article 4 (5) of the revised European Climate Law. The Slovak Republic believes that the post-2030 framework should be designed in a way that reflects a balanced and inclusive approach to decarbonisation supporting the deployment of all zero- and low-carbon solutions without limiting the Member States's right to choose their own energy mix.

The Slovak Republic supports the enhanced flexibility within and across sectors and instruments that is proposed in Article 4 (5) c). In our understanding, the Member States may be allowed to deviate from some of the sub-targets (e.g. Renewable Energy or Energy Efficiency targets), provided their overall decarbonisation targets are met. This approach supports a more tailored and cost-effective pathway to climate neutrality, reflecting the Member States' rights enshrined in the Treaties, national specificities and capacities.

The Slovak Republic believes that the current legislative framework represents a carefully balanced compromise between solidarity and cost-efficiency. It ensures that while all Member States contribute to the common climate ambition, their efforts are proportionate to their economic capacity. In the post-2030 framework, it needs to be recognized that the fundamental conditions, which justified the current balance between the mentioned principles, have not changed. Economic disparities between the Member States remain significant, as do the differences in energy intensity, technological capacity, and access to finance. For countries with lower GDP, the relative costs of energy transition continue to be considerably higher. In this context, the Member States' efforts must be based on GDP per capita and the principle of solidarity, to avoid shifting the weight of transition towards the Member States with lower incomes and more limited fiscal and investment capacities. A disproportionate allocation of efforts risks increasing the level of energy poverty and eroding competitiveness, particularly in regions depending on traditional industrial sectors.

Natural sinks remains a crucial part of our decarbonisation efforts. However, the contribution of natural sinks depends on various elements that cannot be influenced by Member State, such as the impacts of climate change and the impacts of natural disturbances. Furthermore, each Member State has their own national circumstances that affects the possibility for naturals sinks, such as the age structure of forests and need for a sustainable forest management. The Slovak Republic highlights the need to take into account synergies with the biodiversity and ensure, that our decarbonisation efforts will not be in direct contradiction with the objectives of Nature Restoration Law and with the aim of restoring and preserve our biodiversity.

Financing the transition remains equally important. In the post-2030 framework, the Commission shall strengthen financial instruments that are within and outside of the Multiannual Financial Framework, including the continuation of the Modernisation Fund, the Innovation Fund, the Just Transition Fund and the Social Climate Fund.

The new Emission Trading System for buildings, road transport and additional sectors (ETS2) remains a concern for the Slovak Republic. The social impacts by far outweigh the new system's environmental benefits, which are negligible in comparison. The Resolution of the National Council of the Slovak Republic of 28th October 2025 encourages the Commission to present a revision of the ETS2 system with the aim of reducing its regressive effects. Furthermore, and in accordance with Article 191 of the Treaty on the Functioning of the European Union (TFEU) — which requires that EU environmental action takes into account the diversity of situations across Member States and ensures that measures are not excessively burdensome — the Slovak Republic stands firmly against launching the system in 2027.

The Slovak Republic calls on the Commission to swiftly revise CO_2 emissions performance standards Regulations for cars, vans, and heavy-duty vehicles. A more flexible, technologically neutral and pragmatic approach is needed to deliver actual emissions reductions, safeguard competitiveness, and preserve social cohesion. As current targets do not fully reflect the principle of technological neutrality, the Slovak Republic calls on the Commission to consider the role of zero- and low-carbon fuels in the transition to zero-emission road transport beyond 2030, including e-fuels and sustainable biofuels, i.e. through the introduction of a carbon correction factor. At the same time, the uptake of battery-electric vehicles (BEVs) remains modest in many Member States, which could lead to car manufacturers facing challenges in meeting the set targets and eventually a risk of penalties. Therefore, the Slovak Republic calls on the Commission to present an average-compliance mechanism also for the 2030 and 2035 targets."

STATEMENTS BY THE COMMISSION

Statement 1

"In preparing the **Impact Assessments for the post-2030 climate policy framework**, and in particular any post-2030 targets and efforts for the Member States, the Commission will follow the Better Regulation framework and the Interinstitutional Agreement on Better Law-Making.

In particular, the Commission intends to provide a similar level of detail as in the Impact Assessments for the "Fit-for-55 package", and stands ready to exchange in a timely manner with Member States on methodologies and quantitative inputs to support them in performing their own country-specific analyses.

In preparing these targets and efforts, the Commission also intends to appropriately reflect **both cost-efficiency and solidarity**, so as to enable the co-legislators to discuss and strike the right balance between these principles when agreeing the targets."

Statement 2

"As stated in the letter from President von der Leyen to the European Council, the ETS2 should be introduced gradually and smoothly. The Commission confirms its intention to propose a revision of fundamental elements of the ETS2 implementation framework to smoothen the entry into force of ETS2, in line with the guidance of paragraph 47 of the EUCO conclusions. The relevant proposals will be adopted still this year and will address concerns of too high or volatile prices, ensure an orderly start of the market and a predictable price trajectory via more robust price stabilisation system.

The Commission will propose a more robust price stabilisation system, notably by further enhancing the role of the ETS2 Market Stability Reserve, and is also exploring the possibility for Member States to frontload ETS2 revenues, in cooperation with the EIB, in order to support low- and middle-income households in reducing their heating or mobility bills early on. Further, the revenue generated through carbon pricing, channelled via the Social Climate Fund, will help in four clear areas: overcoming energy and transport poverty, deploying EU-made cleantech, reducing our fossil dependency and achieving our climate goals.

The transition needs to be just and fair, whereby especially vulnerable households, small companies and regions that are most exposed to structural changes are protected and supported."
