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INFORMATION

From:	General Secretariat of the Council
To:	Working Party on the Environment
Subject:	European Climate Law amendment: follow-up to the WPE on 2 September 2025 – Commission presentations

Delegations will find attached the presentations on the MFF proposal and current Commission reporting on issues related to clean industry, energy costs and competitiveness aspects that were made by the Commission at the abovementioned WPE meeting. The presentation on CBAM will follow.

EUROPE'S BUDGET
THE POWER OF TOGETHER

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An ambitious budget for a stronger Europe

Multiannual Financial Framework 2028-2034

European Commission

A smarter, sharper, larger EU budget

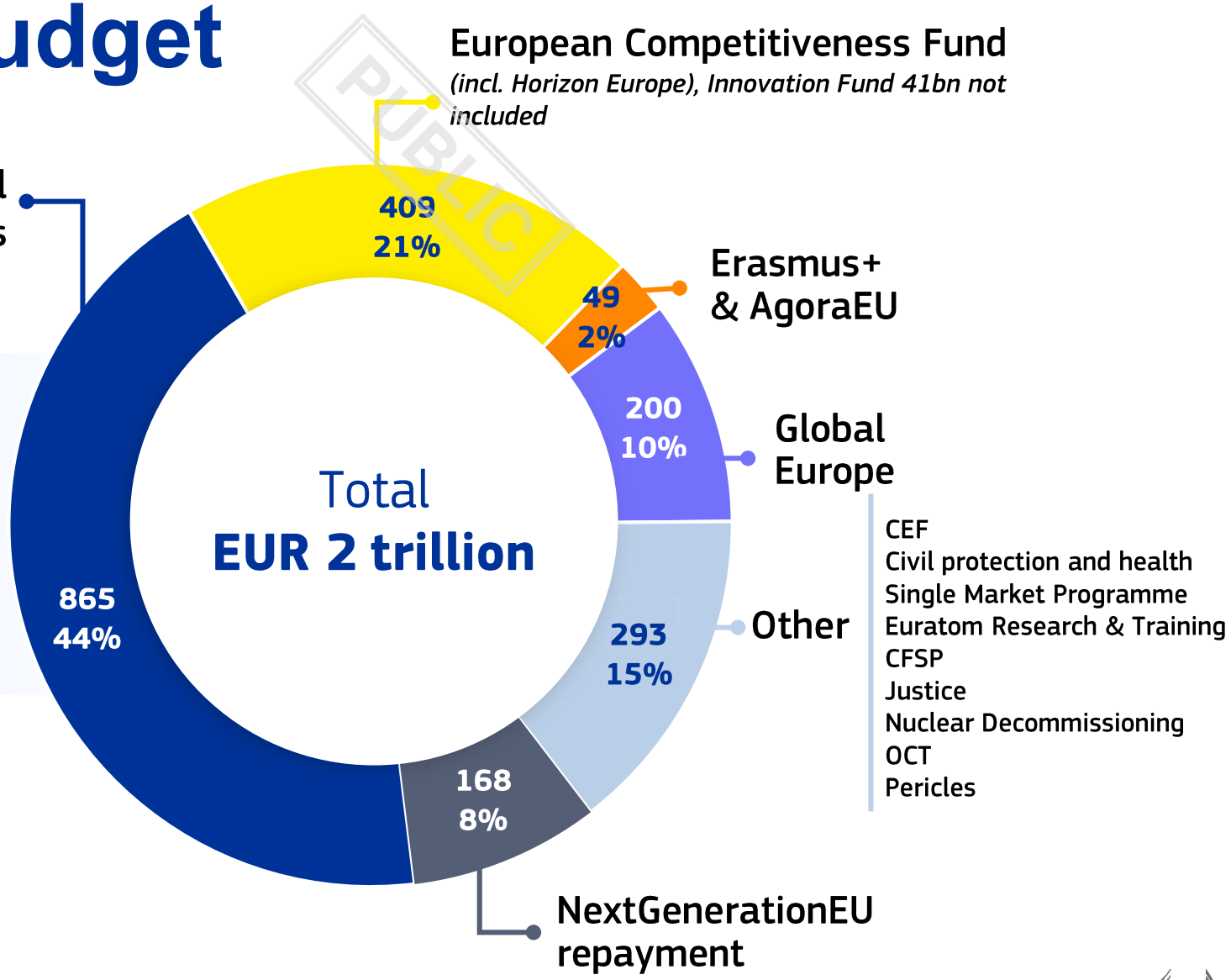
PUBLIC

Larger in scale	EUR 2 trillion (1.26% EU GNI) to match Europe's needs and ambition
Smarter in design	Results oriented, simpler for beneficiaries, more agile
Sharper in priorities	Focus on European priorities

An ambitious budget

PUBLIC

- From 52 to **16 programmes**
- **Simpler** for beneficiaries
- **Results** oriented
- More **agile**



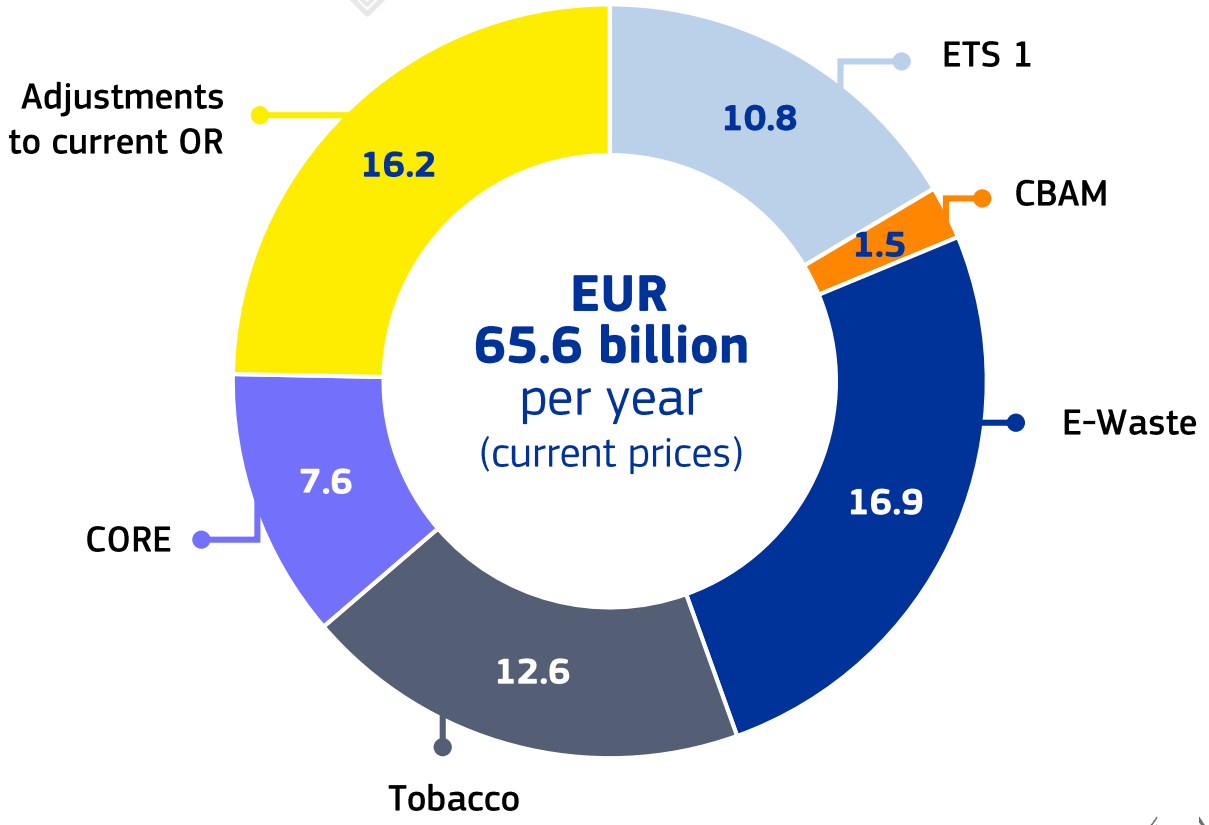
*All amounts in EUR, **current prices**, adjusted with 2% deflator*

New Own Resources

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- **VAT and GNI own resources remain stable** for EU27 in comparison with 2027 at constant prices.
- **Introduction of new own resources** (ETS1, CBAM, E-waste, Tobacco and CORE).
- **Changes to the existing own resources** (plastics call rate, TOR collection costs, de minimis removal and e-commerce fee).
- **No capping of VAT bases and no lump-sum reductions** to the plastics and GNI-based own resources.
- ETIAS fee is increased and added to other revenues.

Current prices, annual average over 2028-2034 - Revenue in EUR billion



ETIAS fee generates an additional 0.3 billion

EUROPE'S BUDGET
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Performance regulation: green perspective

European Commission

Expenditure tracking and performance framework delivering simplification

PUBLIC

Common methodology to track EU budget expenditure	Common list of performance indicators	Single report on performance	Single Gateway portal
Single methodology to monitor the expenditure supporting **climate mitigation, climate adaptation, environment**, and social objectives	Streamlined output and result indicators, moving **from over 5 000 to ca. 900 indicators**, and allowing aggregation at EU budget level	**From 32 programme-specific reporting requirements to a single performance report**	**Merging over 30 portals and dashboards into a single entry point** for funding opportunities and EU budget performance information

An ambitious green spending target

PUBLIC

- **A ‘green target’ of 35% of the EU budget, mobilising over €700 billion:**
  - To steer funding towards climate change mitigation, climate change adaptation and resilience, biodiversity, water and marine, pollution prevention, circular economy.
  - Underpinned by legally binding **programme-specific targets**
- **National and Regional Partnership Plans:**
  - Possibility to adapt the target to the specific needs and challenges of each Member State (no ‘one-size-fits-all’)
  - Supporting Member States in reaching their climate and nature restoration targets

35% climate and environment target	
National and Regional Partnership Plans	43%
European Competitiveness Fund, excluding defence	43%
Horizon Europe	40%
Connecting Europe Facility	70%
Global Europe	30%

Do No Significant Harm (DNSH) principle

PUBLIC

- **A key concept to support environmental and sustainability policies**
  - Ensuring that EU funds cause no significant damage to environmental objectives, including climate mitigation and adaptation

- **A consistent and simple application for the next MFF**
  - A single set of rules and proportionate guidance for the whole of the budget, replacing the current fragmented rules across programmes
  - Distinction between activities which are deemed to always be DNSH-compliant and other activities which are deemed not to be DNSH compliant

- **Increased predictability for beneficiaries**
  - Ensuring that the same activity is subject to the same rules across the budget, regardless of the programme, facilitating access to EU funds for beneficiaries.

EUROPE'S BUDGET
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Contributions of key programmes to the clean transition

European Commission

National and Regional Partnership Plans (NRPs): Driving Europe's Clean Transition

PUBLIC

Investments

- **NRPs (43% green target) will link (climate-relevant) reforms with investment across different policy areas,** including cohesion, agriculture, and solidarity. 14% spending on social objectives (excl. agriculture and fisheries and SCF), yielding €100 bn.

Support

- **A just transition** (Art. 3), ensuring that all territories and everyone can contribute and benefit from the clean transition.
- **The delivery of the EU's 2040 climate target,** including by contributing to National Energy and Climate Plan objectives, European Semester recommendations, and nature restoration plans (Art. 22).

Synergies

- **The EU Facility (€63.2 billion) will address crisis situations but also provide financing for European level actions including LIFE actions** (Art. 26 to 34)
- **Modernisation Fund investments should be aligned with NRP measures for cohesive progress** (Art. 82).

Social Climate Fund (SCF)

PUBLIC

- **Priority: Swift implementation of the SCF (and ETS2)**

- **The MFF 2028-2034 has important links with the SCF** (Art. 80 & 81 of NRPP Reg)
  - Acknowledge similar policy objectives and implementation timeline
  - Ensure efficient use of Union funds and support an effective and coherent delivery
  - Avoid running similar systems and processes in parallel

- **Hence, proposal for the continued smooth SCF implementation as of 2028**
  - SCF continues to be financed via external assigned revenues from auctioning of ETS2 allowances (no ETS2 own resource proposed) and MS‘ SCF allocations continue to apply
  - NRPPs should include the measures and investments contained in the Social Climate Plans in a **separate Social Climate Plan chapter**
  - Rules of implementation – Flexibility for Member States
    a) Apply rules laid down in NRPP Regulation, or
    b) Continue applying rules laid down in SCF Regulation
  - Application of common rules, e.g. rule of law, Charter of Fundamental Rights etc.

European Competitiveness Fund

PUBLIC

Investments and purpose

- A new European Competitiveness Fund (€451 billion overall, 43% green spending target) will **invest in strategic technologies, to benefit the entire Single Market,** as recommended in the **Letta and Draghi Reports.**

Support & impact

- Will focus on four areas, including **clean transition and decarbonization** (Art. 32 to 35).
- ECF will operate under a single rulebook and offer **a single gateway** (Art. 31) to funding applicants, which will **simplify and accelerate EU funding** and catalyse private and public investment.
- The Fund will **maximise the impact of every euro spent** by drawing in private money.

Synergies

- **The Innovation Fund will reinforce the ECF** (Art. 7) boosting support to industrial decarbonisation and innovation of clean technologies.

ECF's contribution to climate policies

PUBLIC

Objectives of the European Competitiveness Fund (Art. 3(2))

- **support to decarbonisation of European industry**, including SMEs and energy intensive industries, clean tech manufacturing and its supply chains,
- Contribute to the shift towards a sustainable, circular, energy-, water- and resource efficient, **climate-neutral and resilient economy.**

These objectives include, for example:

- uptake by industries of **decarbonisation technologies** and other solutions for their industrial processes and activities,
- uptake of **renewable and clean energy solutions**,
- uptake of lead markets for **clean products**,
- the development, resilience, integration and digitalisation of the energy and transport **infrastructures and systems**.

Horizon Europe

PUBLIC

Investments

- The Commission is proposing to double the budget of the research and innovation framework programme to **€175 billion (40% green target).**

Support

- Cutting-edge research, and innovation, attract and nurture research talent, foster international collaboration, and connect science with society.
- **Investments on strategic EU priorities**, including the clean transition, decarbonisation, and circularity.
- In addition, Horizon Europe **acknowledges climate change as one of the biggest global and societal challenges and climate action as a driver for industrial competitiveness**. Activities should reflect the importance of tackling climate.

Synergies

- The programme will be **tightly connected to the ECF**. In particular the collaborative research part will have a component for R&I activities under the **"Clean Transition and Industrial Decarbonisation"** chapter of the ECF (Art 4. of Horizon Europe Regulation; indicative budget of **EUR 25.3bn** for collaborative R&I).

Connecting Europe Facility

Investments and purpose

- **The Fund (€81,4 bn, 70% green spending target) will boost investments in key cross-border infrastructure projects in the energy and transport sectors** (Art 3.), that are crucial to complete the Energy Union and trans-European network for transport.
- **The budget for cross-border energy infrastructure and renewable energy is multiplied by 5**, to reach nearly €30bn. A better interconnected European electricity grid is crucial to ensure security of supply, stabilize and reduce energy prices, better integrate renewable energy sources and decarbonize energy supply. This in turn accelerates electrification and industrial decarbonisation, including CCS and clean hydrogen.
- **The budget for cross-border transport projects will be doubled,** reaching €51.5 bn.
- **All projects must involve at least two EU Member States,** and sometimes non-EU countries as well.

Synergies

- **A strong co-creation process between R&I and CEF will be pursued in particular for the decarbonisation of all transport modes**, but also for energy.

Global Europe

PUBLIC

Investment

- **94% of global emissions come from outside Europe, underscoring the need for Global Europe (€200 bn, 30% green spending target) to support the climate transition abroad** (Art. 10 Mainstreaming).

Support

- **Global Europe aligns with the EU's Global Gateway strategy** (Recital 24), **which prioritises sustainable development.** Support for the climate transition is also integrated into the geographic pillars. As such, Global Europe will contribute to efforts related to the Paris Agreement, the New Collective Quantified Goal (NCQG) on Climate Finance, and the Sustainable Development Goals.
- **The Global Europe Instrument will empower partner countries fostering partnerships and alliances to increase financial support for enhanced climate, energy, environmental and sustainability action.**
- **The €100 bn dedicated to Ukraine, outside the MFF ceilings, will support green recovery initiatives**, such as rebuilding infrastructure with low-carbon technologies and supporting Ukraine's alignment with EU climate policies.

Contributions of other funds to climate action

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- **Several other funds will also contribute to climate action through their investments, including:**
  - *Union Civil Protection Mechanism:* Will, amongst other objectives, strengthen the understanding and anticipation of disaster risks and threats, including those linked to climate change.
  - *Erasmus+*: Will help build up the needed skills for a successful clean transition, in line with the Clean Industrial Deal.
  - *Creative Europe (AgoraEU):* Will help the cultural and creative sectors adapt to climate change.

“Climate resilience by design” principle

PUBLIC

- To be applied **to protect people and investments** from the increasingly devastating impact of climate change (see notably Art. 3.1(b) of the NRPP Regulation and recital 12 of the Performance Regulation).

- To **prepare for and better manage climate risks**, limit economic and social costs, and promote innovative technologies.

    - This means an **upfront** effort to consider and prevent plausible high-impact risks when conceiving policies and measures from the outset in such a way that the impact of risks would be minimised when they materialise. **Planning decisions of today** need to build on a sound anticipatory assessment of risks.

- This is needed to ensure that investment vulnerable and exposed to climate impacts are able to **face climate risks that could materialise in their lifetime** i.e., will not be washed away, burned down, or put out of use by extreme weather and our changing climate.

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European Commission
PUBLIC

Current reporting of the Commission on issues related to aspects of clean industry, energy costs and competitiveness

Working Party Environment

2 September 2025

DG CLIMA

Clean industry

PUBLIC

Competitiveness Progress Report on clean energy technologies

Legal basis:

- Regulation on Governance of the Energy Union and Climate Action (Regulation (EU) 2018/1999), Article 35
- Net-Zero Industry Act (Regulation (EU) 2024/1735), Article 4

Timing: Yearly (generally Q4)

Progress reports on the competitiveness of the EU clean energy technologies sector, covering relevant issues from research and innovation to manufacturing. As the monitoring report of the Net-Zero Industry Act (NZIA) it contributes to the implementation of NZIA and the Clean Industrial Deal.

Energy costs

PUBLIC

Report on Energy subsidies in the EU

Legal basis: Regulation on Governance of the Energy Union and Climate Action (Regulation (EU) 2018/1999)

- **Article 36 - Monitoring of NECPs:** *Part of NECPs obligations is the description of energy subsidies, including for fossil fuels as stated in Annex 1 – Part 1 - Section B – 4.6. iv.*

Timing: Annual (Q1)

Description: Public subsidies to energy across the EU.

Energy costs

PUBLIC

Electricity Market Quarterly Report and Gas Market Quarterly Report

Own initiative

Timing: Quarterly (March, June, September, December)

Description: Analysis of market data, trends and challenges, including energy prices. Main factors behind price and volume variations and the interaction between market actors.

Competitiveness

PUBLIC

Annual Single Market & Competitiveness Report

Legal basis: Annual communication, requested by Council and designated as the monitoring tool for tracking progress of the Competitiveness Compass, the Clean Industrial Deal, the Single Market Strategy and others.

Timing: Annual (typically published in January).

Assesses the competitiveness of the EU along 20+ KPIs, identifying trends and analysing the EU's standing in the areas of Single Market integration, productivity, innovation, digitalisation, skills, investments, energy, circularity, and global trade.
Measures the performance of the EU as a whole, vis-à-vis global peers, with an annex providing more granular data at MS level for most KPIs.

No additional reporting burdens on companies or national administrations, since all source data are collected from open sources and/or are computed by the Commission.

Competitiveness

PUBLIC

Single Market & Competitiveness Scoreboard

Legal basis: Long-standing annual communication, requested by Council and designated as the monitoring tool for tracking progress of the Competitiveness Compass, the Clean Industrial Deal, the Single Market Strategy and others.

Timing: Annual (typically at the same time as the Single Market and Competitiveness Report).

An annually updated website showing over 150 indicators on Single Market enforcement, business framework conditions and competitiveness metrics, including interactive graphs and a broad set of indicators at MS level.
The Scoreboard provides a rich repository of data, allowing long-term trend-tracking useful for benchmarking with EU peers and for identifying best practices and weaknesses.
No additional reporting burdens on companies or national administrations, since all source data are collected from open sources and/or are computed by the Commission.
https://single-market-scoreboard.ec.europa.eu/indicators_en

Progress to climate and energy targets

PUBLIC

State of the Energy Union Report

Legal basis: Regulation on Governance of the Energy Union and Climate Action (Regulation (EU) 2018/1999), Article 29 ”Assessment of progress“, Article 35

Timing: Yearly (early Q4), by 31 October.

Assessment of the progress of the EU and its Member States towards the objectives of the Energy Union and the clean energy transition in line with the energy and climate targets.

Progress to climate and energy targets

PUBLIC

Climate Action Progress Report

Legal basis: Regulation on Governance of the Energy Union and Climate Action (Regulation (EU) 2018/1999), Article 29 ”Assessment of progress“

Timing: Yearly (early Q4), by 31 October.

Description: Evaluates EU Member States’ progress on climate targets, including emissions reductions and policy implementation. Analyses by EU climate policy instrument and by sector.

Other cross-cutting reports

PUBLIC

Monitoring report on progress towards the 8th EAP objectives & scoreboard

Legal basis: Decision (EU) 2022/591 of the European Parliament and of the Council of 6 April 2022 on a General Union Environment Action Programme to 2030

Timing: Yearly (early Q4/Q1).

Description: EEA takes stock of progress towards the 8th Environment Action Programme (8th EAP) objectives using 28 headline indicators and targets, includes for eg employment and GVA in environmental goods and services sector

Other cross-cutting reports

PUBLIC

Europe Sustainable Development Report

Legal basis: UN SDGS and 2030 Agenda
Timing: Yearly (early Q2)

Description: Report on implementation of the SDGs and 2030 Agenda in Europe. Since 2019, the ESDR has presented the SDG Index and Dashboards for Europe and provided an annual overview of the EU's progress towards the SDGs, including *i.a.* SDG 9 Industry, Innovation and Infrastructure, SDG 7 Affordable and Clean energy and SDG 13 Climate Action

Overview

PUBLIC

Clean industry

Report	Frequency	Last published	Link	COM service in charge
Competitiveness Progress Report on clean energy technologies	Yearly	2025	https://energy.ec.europa.eu/topics/research-and-technology/clean-energy-competitiveness_en	ENER

Energy cost

Report	Frequency	Last published	Link	COM service in charge
Energy subsidies in the EU	Annual	2025	https://energy.ec.europa.eu/news/energy-subsidies-report-shows-progress-2023-2025-01-29_en	ENER
Quarterly reports on electricity market and on gas market	Quarterly		https://energy.ec.europa.eu/data-and-analysis/market-analysis_en	ENER

Overview

PUBLIC

Competitiveness

Report	Frequency	Last published	Link	COM service in charge
Annual Single Market & Competitiveness Report	Yearly (generally January)	2025	https://single-market-economy.ec.europa.eu/publications/2025-annual-single-market-and-competitiveness-report_en	GROW
Single Market & Competitiveness Scoreboard	Yearly	2025	https://single-market-scoreboard.ec.europa.eu/	GROW

Assessment of progress to energy targets and to climate targets

Report	Frequency	Last published	Link	COM service in charge
State of the Energy Union Report	Yearly	2024	https://energy.ec.europa.eu/data-and-analysis/energy-prices-and-costs-europe_en	ENER
Climate Action Progress Report	Yearly	2024	https://climate.ec.europa.eu/eu-action/climate-strategies-targets/progress-climate-action_en	CLIMA

Overview

PUBLIC

Other cross-cutting reports

Report	Frequency	Last published	Link	
Monitoring report on progress towards the 8th EAP objectives & scoreboard	Yearly (Q4/Q1)	2025	https://www.eea.europa.eu/en/analysis/publications/monitoring-progress-towards-8th-eap-objectives	EEA
Europe Sustainable Development Report	Yearly (Q2)	2025	https://knowsdgs.jrc.ec.europa.eu/node/16340	

Thank you





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