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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on the Environment
Subject:	European Climate Law amendment: follow-up of WPE on 3 July 2025 - Comments from Member States

Following the call for comments on the above set out in WK 9289/2025, delegations will find attached comments received from the BE, CY, DE, EE, ES, FI, IE, HU, MT, NL, LU, AT, PL, PT, SE and SK delegations.

BELGIUM

Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

Belgium comments

Belgium wishes to enter a scrutiny reservation regarding the proposed target. As we are still in the process of carefully assessing the proposal, we would like some clarifications, particularly concerning the proposed flexibilities, both international and domestic.

- 1) On international flexibility, Belgium would welcome more information on the Commission's thinking on how these mechanisms are intended to function.
 - Who would be eligible to make use of them — Member States, the Commission, specific sectors, or both?
 - In which parts of the climate architecture would these flexibilities be applied — ESR, ETS, LULUCF, overarching at EU-level?
 - Will the 3% be applied annually from 2036, or over the 2036-2040 emissions budget?
 - Furthermore, we would like to ask the Commission for a more concrete timeline for the proposed Union law on international credits.
 - What is the order of priority of the different flexibilities, does it imply a hierarchy?

The use of international credits therefore also requires the existence of a performing and reliable international system under UNFCCC, with strict quality criteria. How will the COM work on this?

- 2) On permanent removals, we remain cautious about relying heavily on approaches and technologies that are not yet mature. We have the following questions:
 - Will the policy framework remain technology-neutral, or is there an intention to promote specific technologies, regardless of their current level of maturity? If promotion is intended: what direct or indirect subsidies will be included in the framework.

Finally, regarding flexibility across sectors, Belgium seeks more clarity on the Commission's intended approach:

- Will it be up to the Member States to determine this intersectoral flexibility, or will there be a more coordinated EU framework?
- How can we ensure that national flexibility does not come at the expense of sectoral clarity and predictability?

We look forward to further discussions on these important elements and reiterate our commitment to contributing constructively to the next steps.

Overarching questions :

Costs and benefits of the -90% goal:

- We are interested in obtaining the impact assessment the Commission has conducted for every Member States in terms of costs, benefits and impacts of the proposed -90% goal.

Competition and industry:

- What safeguards are in place to protect European companies from international competition outside the -90% target, accompanying and/or strengthening the existing CBAM mechanism? How does the Commission prevent this objective from creating trade or geopolitical distortions with the major partners (USA, China)?
- How is the specific vulnerability of Belgian energy-intensive industry (chemicals, cement and steel) taken into account, compared to neighboring countries with different energy-intensity of their industries and different energy cost structures?

European climate instruments and effort-sharing

- How is the -90% target divided between the ETS and the non-ETS and between the different Member States?
- What is the impact (objective) for LULUCF?
- How does the Commission see the relationship between the development of new EU instruments, the continuation of the existing architecture and the Member State's responsibility for achieving national objectives, as laid down in ESR? What specific things need to be done at Member State level to reach 90%?

Budget and financing of the transition

- The various amendments must be accompanied by an adaptation of the financial plans. Do we have an overall view of the financial aspect?
- Can the Commission provide a breakdown of the investment costs per Member State, and what economic effort this will require for Belgium compared to other Member States? How does the Commission articulate this objective with the new European budgetary discipline adopted in 2024?
- Will the revenues from the ETS system and the Social Climate Fund be enough to offset the social and economic costs of the transition?
- How can the Commission increase this envelope between 2030 and 2040 and broaden the target audience?
- What is the expected impact of the -90% target on the energy bill of middle-income households?
- How will the Social Climate Fund be financed after 2032?
- How does the above link with the possibility that part of the ETS/CBAM revenues and the social climate fund are used to finance the next MFF?

On nuclear power: on what basis does the Commission consider that nuclear power can contribute to achieving carbon neutrality or even a 2040 target. Is there a cost-effectiveness analysis? It would be relevant for the Commission to publish the studies in question.

An independent and transparent monitoring framework needs to be put in place to assess the effectiveness and implementation of the measures adopted. Can you say more about how this mechanism will work? In this context, what is the role of the Commission's study centres?

CYPRUS

Written comments:

Cyprus supports the overarching ambition of establishing an **ambitious yet realistic** 2040 climate target, recognizing the critical importance of collective European action in addressing the climate challenge in a practical manner.

Regarding the flexibility for international carbon credits, Cyprus underscores the importance of maintaining a level playing field among all Member States. To that end, Cyprus advocates for a Union-wide, centrally coordinated purchase mechanism for international credits. Such an approach would ensure a fair and equitable distribution of this flexibility, thereby upholding solidarity and cohesion across the Union.

Concerning the role of removals in ETS, Cyprus highlights the imperative that all Member States have equal access to carbon capture and removal technologies. It is essential to avoid creating a divide between those Member States that can supply such technologies and those that rely on them.

With respect to the enhanced sectoral flexibilities, Cyprus stresses the need to maximize flexibility, especially given sector-specific challenges. The LULUCF sector holds particular significance for Cyprus, given the uncertainties related to forest fires and the critical and unique issue of water scarcity. Additionally, the transition to electrified transport faces notable barriers, including the high cost of electric vehicles, which must be taken into account to ensure a just and effective transition.

In this context of sectoral and national diversity, Cyprus underlines the importance of flexibility and proportionality, especially for island Member States which encounter distinct structural constraints. To this effect, Cyprus proposes a modest yet meaningful amendment to the operative text of Article 4(4)(d) to explicitly incorporate island-specific considerations, consistent with the already included recital provisions.

Proposed amendment to Article 4(4)(d):

“(d) Member States post-2030 targets and efforts should reflect cost-efficiency and solidarity, in light of national circumstances, including island Member State specificities.”

This targeted modification will reinforce coherence between the recitals and the provisions of the Regulation, ensuring that the particular challenges of island Member States are formally recognized without upsetting the overall balance of the text.

Cyprus remains committed to constructive dialogue and collaboration and thanks the Presidency and the Commission for their consideration of these comments and proposals.

Follow-up to the WPE on 3/7 July 2025: Written comments and questions of Germany on the 2040 legislative proposal

General comments

- We welcome the fact that the Commission has now presented the updated climate law.
- We are now scrutinising the proposal.
- We support a net emissions reduction of 90% for 2040, as proposed by the EU Commission. The support is subject to three conditions:
 - o The coherence of the German contribution with our national 2040 climate target;
 - o The integration of permanent sinks into EU policies;
 - o 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 to preserve our industrial value chains.
- It is essential that our NDC is also ambitious and aligned with the 1.5°C target.
- It is also important that the NDC is available by the end of September so that the EU can send a strong signal at the high-level UN event and that its NDC is taken into account in the NDC synthesis report - which in turn is an important basis for COP30. The EU's credibility and leadership role in international climate policy depends largely on this.
- Ambitious NDCs form the core of our international climate policy demands. We must do our homework here or we will weaken the essential basis of our negotiating position for COP30.

1. Cross-cutting questions

- As stated above, the coherence of our national climate target with the EU 2040 target is a crucial building block of our position. When and, if applicable, on the basis of which other legal acts can a reliable assessment of the coherence of the national target with the EU target be made? By when will the European Commission submit proposals for these legislative acts, including

potential Member State targets to be set on the basis of cost-effectiveness and solidarity?

- How and within what timeframe should the other elements be taken into account, in particular the preservation of the competitiveness of industry and small and medium-sized enterprises and the avoidance of carbon leakage?
- The proposal provides for cross-sectoral flexibility (Art. 1 (2) (c)). Has the European Commission already considered how such greater cross-sectoral flexibility can be created with the aim of cost-effectively meeting the climate protection target? Will it become possible (to a larger extent) to use the overachievement in one sector to compensate for shortcomings in other sectors?
- How do you envisage to foster the necessary investments in the energy sector to implement the EU climate target, for example in the area of renewable energy, up to 2040?
- What role should the financial market play in financing and achieving the 2040 climate target? How much private funding is estimated to be needed to achieve the 2040 climate target

2. Use of international credits

- What impact will the EU Commission's proposed option of counting international allowances equivalent to 3 percentage points of the net 1990 target have on the fulfilment of the EU's 2040 climate target and the GHG emission reduction pathway between 2036 and 2049?
 - o Specifically, what absolute quantities of international credits does the European Commission expect over time (in million tonnes of CO₂ equivalents)?
 - o Does the European Commission share initial analyses according to which approx. 1 billion tonnes of CO₂ equivalents could be credited in the 2036-2049 timeframe and according to which the 2040 target would only result in a net reduction of -85% (instead of -90%)?
- What were the main reasons for the decision that the possibility of recognising international certificates should only be created from 2036?
- In application of the UN resolutions on Art. 6, certificates may not be banked beyond the NDC period (so-called 'no-banking-rule'). In the Commission's

view, is it still possible that the certificates used in the EU can be generated before 2036? This is a key question as to the extent to which international cooperation and mitigation efforts can be initiated before 2036.

- Is our understanding correct that, in principle, both Internationally Transferred Mitigation Outcomes (ITMOs) and Mitigation Contribution Units (MCUs) could be used?
- What criteria can be used to assess whether international certificates are to be considered high quality (including criteria on origin, quality criteria and other conditions for the purchase and use of international certificates)? When and in which legal act does the European Commission plan to propose these criteria?
- Has the European Commission made any forecasts of the prices (per tonne of CO₂) at which such certificates could be purchased on the international markets in the period in question and what cost advantages (relative and absolute) would result compared to GHG emission reductions through domestic measures?
- For what reasons does the European Commission state in the explanatory memorandum that the use of international allowances should not play a role in the fulfilment of obligations in the EU carbon market? What impact would this provision have, in particular on the accounting of overall allowed emissions in the context of EU emissions trading:
 - o Does the European Commission intend to exclude the surrender of international allowances by companies participating in EU emissions trading, as was possible to a limited extent in previous trading periods using the Joint Implementation (until 2012) or Clean Development Mechanism (until 2020) instruments?
 - o Does this provision also exclude changes to the emission reduction pathway for EU emissions trading (1 and/or 2) or a replenishment of the Market Stability Reserve (MSR) and, if applicable, additional distribution of emission allowances from the MSR?

3. Accounting of permanent removals

- Does the EU Commission envision provisions to avoid “abatement deterrence” when including permanent removals in the EU ETS? If so, which provisions

could this be? Is it correct to assume that the definition of technical sinks will follow the one in the CRCF, encompassing DACCS and BioCCS?

- What crediting options should be provided for to include non-permanent CCU products and processes in the EU ETS?
- Art. 4(4)(b) explicitly links permanent removals to residual emissions from hard-to-abate sectors. What are the criteria and what would be basis to determine which emissions are hard-to-abate and which sectors would be entitled to the use of permanent removals?
- 4 (4) b) and recital 8 refer to the greenhouse gas emission allowance trading system within the Union. Does this term include the new ETS II for buildings and transport?
- On what grounds has the European Commission proposed limiting the counting of negative emissions to permanent CO₂ removals within the EU ('domestic removals')? Does this apply equally to DACCS and BioCCS?
- How would the European Commission propose to avoid incentivising increased biomass demand and displacement of emissions to the LULUCF sector through the use of biomass-based carbon removals (BioCCS, Biochar)?

ESTONIA

General comments and questions:

Welcome that the proposal includes a list of crucial enabling factors, references to:

- ensuring the availability of technologies to meet the 90% target;
- Access to finance for all Member States, including small economies; this also goes hand in hand with the fact that in order the transition towards climate neutrality to be fair and inclusive, we need a geographically balanced funding opportunities. Commission needs to evaluate the proposal's interrelations with other EU financial processes and related legislations incl MFF.
- Taking into account differences in Member States' starting points and allowing sufficient flexibility, including between sectors.

It is a prerequisite that these elements remain in the text.

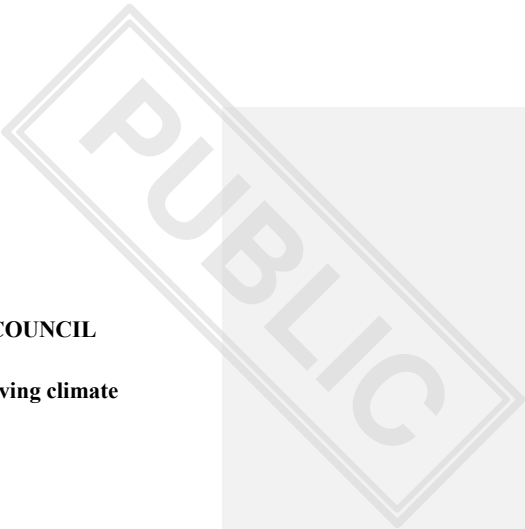
Role of transitional technologies for hard to abate industries: In sectors where the production capacity of green technologies has not been proven, it must be possible to finance transition technologies that promote the circular economy from European Union funds.

General comments on new elements of the proposal:

- International credits (Paris article 6) must remain high quality and credible. Important that this flexibility does not put smaller MS/those who will not use at a disadvantage. In need of an additional impact assessment at a MS level to evaluate the impacts of including international credits
- Negative emissions –support having better clarity for CCUS, incl the role of biogenic carbon. The use of Captured fossil CO₂ should not be equated with fossil fuels. It must be possible to finance transition technologies that promote the circular economy from European Union funds.
- Flexibilities between sectors – welcome bigger flexibility. MS should be able to choose the most cost efficient path towards the target.

Questions:

- Please provide an overview of the differences in calculating the international credits 3% contribution towards the 2040 target. If the wording remains the same, will the commission model the post 2030 legislative framework with different options, depending on what the percentage of the domestic contribution will be?
- What will be the impact of international credits on ETS price and the competitiveness of green technologies inside the EU?
- Please elaborate on the role of captured biogenic carbon storage and utilisation (bioCCU/S), e.g from biogas production, in total target accounting?
- Just transition-does the Commission have plans to encompass additional sectors and regions?



ESTONIA

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

{SWD(2025) 524 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

As confirmed in the Competitiveness Compass¹, Europe has set out an ambitious framework to become a decarbonised economy by 2050. It will stay the course, with a Clean Industrial Deal, aimed at securing the EU as an attractive location for manufacturing, including for energy intensive industries, and promoting clean tech and new circular business models, in order to meet its agreed decarbonisation objectives. Their implementation will also strengthen the EU's energy independence from imported fossil fuels. As highlighted in the Draghi Report on the Future of European Competitiveness², decarbonisation is not only crucial for the planet, but also a key driver of economic growth when integrated with industrial, competition, and trade policies.

The EU has set its climate targets for 2030 and 2050 in Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality (the European Climate Law).

Article 4(3) of the European Climate Law requires an intermediate 2040 climate target to set the pace for EU-wide reductions of net GHG emissions. Setting a 2040 target will provide investors and EU businesses with predictability and a clear indication of the transition pathway needed, to drive business decisions and unlock private investment.

On 6 February 2024, the Commission published a Communication on the Union's climate target for 2040³, setting a path from the already-agreed intermediate 2030 target to climate neutrality by 2050. Taking into account the scientific advice by the European Scientific Advisory Board on Climate Change and based on a detailed impact assessment and report on the carbon budget⁴, the Communication presented a 90% net GHG emission reduction compared to 1990 levels as the recommended target for 2040.

A 90% target puts the EU on the pathway which provides the greatest overall benefits in terms of competitiveness, resilience, independence, autonomy, a just transition and ensuring that the EU meets its commitments under the Paris Agreement.

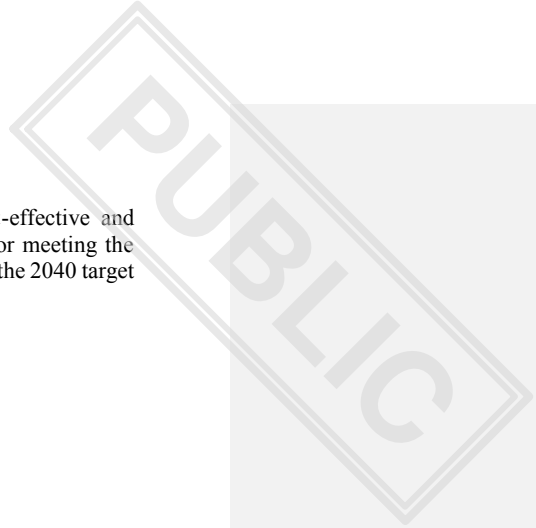
The EU recognises climate change as an existential threat closely linked to global security, peace and sustainable development. With the 2040 target the EU stays the course on its climate action while continuing to diplomatically engage partner countries to reduce global emissions and reach climate neutrality.

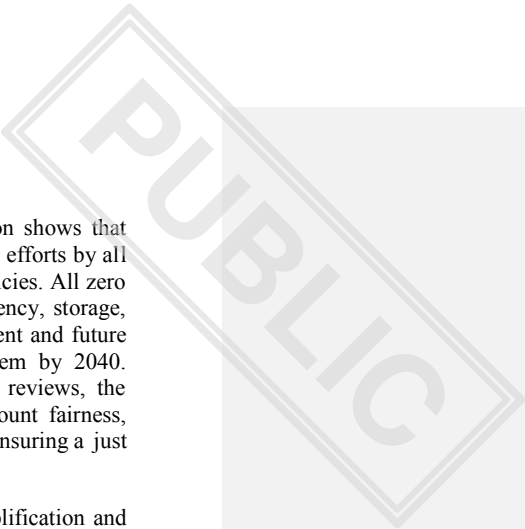
• Consistency with existing policy provisions in the policy area

The EU has been pursuing an ambitious decarbonisation agenda. The 'Fit for 55' package of

legislation set the EU on a path to reach its climate targets in a fair, cost-effective and competitive way. Full implementation of the legislative framework in place for meeting the 2030 climate and energy targets is a precondition for the EU to stay on course to the 2040 target on the way to climate neutrality in 2050.

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- ¹ COM(2025) 30 final.
² The Draghi report on EU competitiveness.
³ COM(2024) 63 final.
⁴ SWD(2024) 63 final.





The impact assessment⁵ accompanying the 2040 climate target communication shows that achieving a 2040 climate target would imply greenhouse gas emission reduction efforts by all sectors, and enhancement of removals, which need to be enabled by various policies. All zero and low carbon energy solutions (including renewables, nuclear, energy efficiency, storage, CCS, CCU, carbon removals, geothermal and hydro-energy, and all other current and future net-zero energy technologies) are necessary to decarbonise the energy system by 2040. Following the setting of the target for 2040, and in line with the foreseen reviews, the Commission will prepare a policy architecture beyond 2030 taking into account fairness, technological neutrality and cost-efficiency, strengthening EU competitiveness, ensuring a just transition and enhancing environmental sustainability.

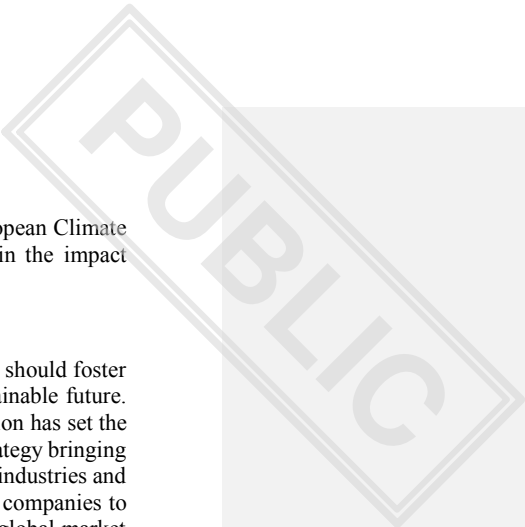
In designing such future architecture, the Commission will examine how simplification and flexibilities across sectors could facilitate the achievement of the 2040 target, fostering convergence while taking into account Member States specificities. New technological developments, including space technology, should also be taken into account. The future architecture should also reflect the necessary investment needs and opportunities, in order to address social, economic and environmental impacts of the transition. Policies to implement the 2040 climate target will be guided by solidarity and fairness to ensure a just transition for all Member States and their citizens.

In designing the policy architecture beyond 2030, the Commission envisages to include a role for the limited use of high-quality international credits under Article 6 of the Paris Agreement in the second part of the 2030-2040 decade. Their specific role and deployment would need to be based on a thorough impact assessment and subject to the development of Union law setting robust and high integrity criteria and standards, and conditions on origin, timing and use of such credits. The Commission should analyse in the impact assessments on the post-2030 framework the possible limited use of international credits, so that 3% of 1990 EU net emissions could be counted towards the 2040 target. Should the post-2030 package, as adopted by the co-legislators, include a different percentage of credits, the Commission could propose to amend the Climate Law in the context of the review set out in Article 11. These international credits should not play a role for compliance in the EU carbon market. These international credits should be accounted on the basis of a linear trajectory and they should come from credible and transformative activities, and support third countries with net emission reduction trajectories that are compatible with the Paris Agreement objective to hold the increase in the global average temperature to well below 2 °C and pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels while enabling and supporting the creation of net-zero supply chains. In line with Article 6 of the Paris Agreement, the EU should agree with the concerned third countries on the sharing of the mitigation benefits.

The future architecture should also include incentives, e.g. on the occasion of the review of the ETS Directive in 2026, to build a business case for domestic permanent carbon removals (for example Biogenic emissions Capture with Carbon Utilisation and Storage (BioCCU/S) and Direct Air Capture with Carbon Storage (DACCS)) to compensate for residual emissions from hard to abate sectors.

As a next step, the Commission will work with the Council Presidency to finalise the communication of the NDC, which will also include an indicative figure for 2035, to the UNFCCC ahead of COP 30.

⁵ SWD(2024) 63 final.



The Commission has also assessed the consistency of the initiative with the European Climate Law's objectives, as required by Article 6(4) of the European Climate Law, in the impact assessment accompanying the 2040 climate target Communication.

- **Consistency with other Union policies**

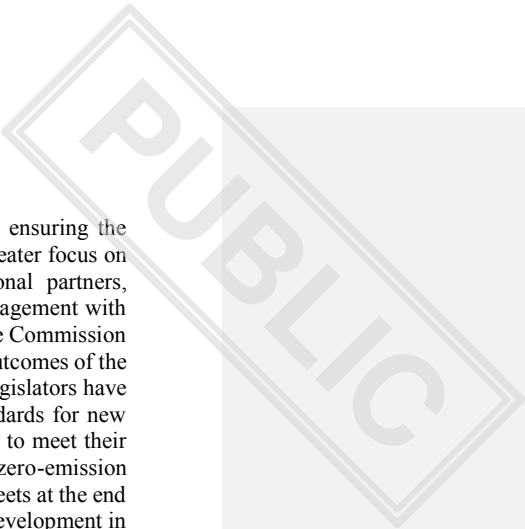
The initiative is linked to many other policy areas, as all EU actions and policies should foster EU competitiveness, and a just transition towards climate neutrality and a sustainable future. With the Competitiveness Compass and the Clean Industrial Deal, the Commission has set the course to reignite economic dynamism in the EU with a growth and prosperity strategy bringing together climate and competitiveness. The Clean Industrial Deal for competitive industries and quality jobs sets out the workplan to support and create the right conditions for companies to reach common decarbonisation goals and to benefit from the rapidly expanding global market for net-zero technologies, which is projected to triple to an annual worth of around EUR 600 billion globally by 2030.⁶ To achieve the long-term competitiveness of EU industry as it transitions to climate neutrality, the Clean Industrial Deal envisages several measures, including a new Clean Industrial Deal State Aid Framework, the establishment of an Industrial Decarbonisation Bank aiming to mobilise up to €100 billion in funding for innovative decarbonisation projects, a revised public procurement framework to support the development of lead markets for clean technologies and products. The Clean Industrial Deal also envisages initiatives to improve access to critical materials, to promote circular production methods and to ensure a level playing field for the EU industry. Innovation plays a central role across all these efforts, driving the development and deployment of breakthrough technologies, accelerating industrial transformation, and enabling EU companies to lead in the global net-zero economy. The Union aims to increase sustainable and resilient production in Europe and should create the right conditions to crowd in private and public investment across the value chain. These efforts will help the EU's industrial renewal while reducing its environmental footprint and strengthening the resilience of its supply chains.

The new Clean Industrial Deal State Aid framework was published on 25 June and further simplifies the process for Member States to grant aid to energy-intensive industries and clean-tech sectors, without creating undue competitive distortions. Moreover, the Commission is on track to launch a pilot for the upcoming Industrial Decarbonisation Bank already in 2025. This pilot will be an auction with a budget of EUR 1 billion aimed at decarbonising industrial process heat and will benefit companies across various industrial sectors.

Securing affordable energy is a key condition for the competitiveness of our industry. As highlighted in the Draghi Report and the Clean Industrial Deal, Europe's dependence on imported fossil fuels is one of the main causes of high and volatile energy prices. The implementation of the Affordable Energy Action Plan⁷, which envisages immediate concerted action to lower energy costs, has advanced, notably with the establishment of the Energy Union Task Force. Grids and interconnections are crucial for the well-functioning of the EU electricity market and accelerating the roll-out of clean energy. The European Investment Bank (EIB), in collaboration with the Commission, developed new products to offer counter-guarantees to scale up manufacturing of grid components and to boost Power Purchase Agreements. In 2025, the Commission will also put forward a legislative proposal for an Industrial Decarbonisation Accelerator Act (IDAA), with the aim to foster competitive, sustainable and resilient production in energy-intensive industries in the EU.

⁶ COM(2024) 163 final.

⁷ COM(2025) 79 final.

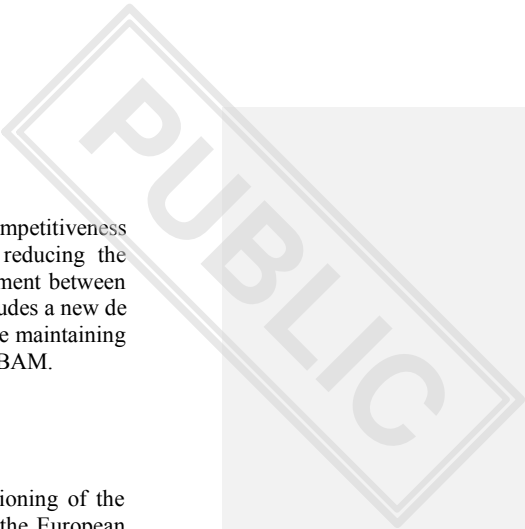


Achieving the 2040 climate target will require a number of enablers, such as ensuring the competitiveness of the European industry, including through simplification; a greater focus on a just transition that leaves no one behind; and a level playing field with international partners, as shown in the 2040 climate target Communication. On the basis of active engagement with business leaders, social partners and civil society, since the beginning of 2025 the Commission launched a number of sectorial strategic dialogues with industry. As one of the outcomes of the Strategic Dialogue on the Future of the European Automotive Industry, the co-legislators have reached an agreement on a targeted amendment to the regulation on CO₂ standards for new passenger cars and vans, that aims to provide car manufacturers with flexibility to meet their emissions target for 2025 and preserve their investment capacity on the path to zero-emission mobility. The Commission will also put forward a proposal for clean corporate fleets at the end of 2025⁸. To support the decarbonisation of transport while fostering industrial development in Europe, the Commission will also put forward a Sustainable Transport Investment Plan later this year, which will notably aim at de-risking investment for the production and uptake of sustainable alternative fuels in hard-to-abate sectors, including aviation and waterborne transport. In order to preserve the competitiveness of the EU's steel and metals industry, the Commission has adopted the European Steel and Metals Action Plan with measures aimed at ensuring access to clean and affordable energy, preventing carbon leakage, protecting European industrial capacities, and promoting circularity for metals.

The clean transition has to be accompanied by appropriate funding opportunities, that will combine existing supporting mechanisms with new and innovative sources of funding. The new Clean Industrial Deal State Aid Framework will reduce investment risks for decarbonization projects and crowd in private finance. The Recovery and Resilience Facility, with a total of EUR 648 billion, continues to be an important tool for financing the transition with an average of 42% of the total budget dedicated to green measures across all Member States. Since 2013, the EU's Emissions Trading System generated more than EUR 230 billion of revenues to be reinvested in climate and energy measures, including to address social aspects in lower- and middle-income households. From 2026 onwards, the newly established Social Climate Fund (SCF) will make available EUR 86.7 billion to support vulnerable individuals and micro-enterprises in the energy and transport transitions. The upcoming proposal on the Multiannual Financial Framework will provide further clarity on the public financing available for the transition, as well as necessary synergies with private investments and innovative financial tools.

A true level playing field for businesses in Europe and globally is created when other countries adopt carbon pricing of their own, which would also contribute to an increase of global climate ambition. The Commission's Task Force for International Carbon Pricing and Markets Diplomacy continues to engage with and support partner countries to set up carbon markets and develop a global approach to carbon pricing. After the current transitional phase, the Carbon Border Adjustment Mechanism (CBAM) will apply in its definitive regime from 2026. By confirming that a price has been paid for the embedded carbon emissions generated in the production of certain goods imported into the EU, the CBAM will ensure the carbon price of imports is equivalent to the carbon price of domestic production, and that the EU's climate objectives are not undermined. Moreover, the Communication "Delivering on the Clean Industrial Deal" of 2 July announced additional measures which will reduce the risk of carbon leakage for European exporters of CBAM goods.

⁸ COM(2025) 96 final.



The objectives of the Clean Industrial Deal to strengthen EU's resilience and competitiveness are further reinforced by four Simplification Omnibus packages aimed at reducing the administrative burden for companies, especially SMEs. In particular, the agreement between the European Parliament and Council on the CBAM simplification proposal includes a new de minimis threshold which will exempt 90% of importers from CBAM rules, while maintaining environmental ambition, with 99% of total CO₂ emissions still covered by the CBAM.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The legal basis for the proposal is Article 192(1) of the Treaty on the Functioning of the European Union (TFEU). In accordance with Articles 191 and 192(1) TFEU, the European Union shall contribute to the pursuit, inter alia, of the following objectives: preserving, protecting and improving the quality of the environment, promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.

• Subsidiarity (for non-exclusive competence)

Climate change is a trans-boundary problem. For trans-boundary problems, individual action by Member States is unlikely to lead to optimal outcomes. Instead, coordinated EU action can effectively supplement and reinforce national and local action. Coordination at the European level enhances the effectiveness of climate action.

A Union-wide climate target for 2040 will have implications across the entire EU economy. It is needed to guide a wide range of EU policies and will require EU level policy responses, beyond climate policy. Through coordinated action it will be possible to take into account the different capabilities of Member States and regions to act and to use the power of the EU single market as a driver for cost-efficient change. Moreover, coordinated climate action at EU level is of importance for international climate action, in particular in view of determining the EU's Nationally Determined Contribution under the Paris Agreement to be communicated in autumn 2025.

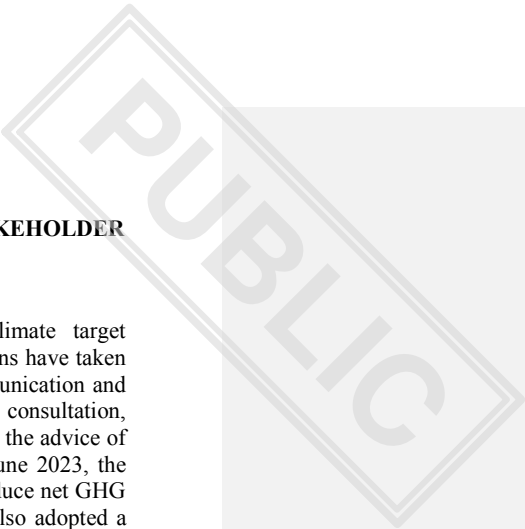
• Proportionality

The proposal aims to provide a direction by further defining the path to climate neutrality. It does not prescribe specific policies, technologies or measures, leaving Member States flexibility, taking into account the regulatory framework to achieve greenhouse gas emission reduction targets. The impact assessment report accompanying the 2040 climate target Communication⁹ found that a reduction of 90-95% (option 3) was the most proportionate to bring the EU economy to climate neutrality by 2050 and for the EU to contribute to global climate action in accordance with the Paris Agreement temperature goals of limiting the temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1,5°C above pre-industrial levels.

• Choice of the instrument

The aim of this initiative is to set an intermediate Union-wide climate target for 2040 with a view to achieving the climate-neutrality objective by 2050, as required by Article 4(3) of the European Climate Law. Therefore, the objective of the proposal is best pursued through a Regulation, following the form of the existing legislative instrument.

⁹ SWD(2024) 63 final.



3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

The initiative is informed by the broad debate following the 2040 climate target Communication. Both in the European Parliament and in the Council, discussions have taken place on the Communication. In preparation for the 2040 climate target Communication and the accompanying impact assessment, the Commission carried out a public consultation, running from 31 March 2023 to 23 June 2023. The initiative is also informed by the advice of the European Scientific Advisory Board on Climate Change (ESABCC). In June 2023, the Advisory Board published advice recommending a 2040 target for the EU to reduce net GHG emissions in the range of 90-95% compared to 1990¹⁰. The Advisory Board also adopted a report in which it assessed progress and policy consistency¹¹. In June 2025, the Advisory Board adopted a report revisiting its 2023 recommendation in light of the evolving context, reaffirming its earlier recommendation¹².

- **Impact assessment**

In the context of the 2040 climate target Communication, the Commission carried out a detailed impact assessment, providing a detailed analysis of different levels of net GHG emissions in 2040 and the associated sectoral pathways bridging 2030 to climate neutrality by 2050. The Commission also published a report on the projected indicative Union greenhouse gas budget for the 2030-2050 period, as required under the European Climate Law.

The analysis in the impact assessment covers all sectors in which action is needed for the EU to reach its 2050 climate-neutrality objective. It is based on the Green Deal legislation and the REPowerEU actions to address the energy crisis.

The impact assessment looked in detail at the implications of three target options for 2040.

The main difference among the options is in the pace of the transition. The impact assessment found that option 3 is the most effective in bringing the EU to climate neutrality by 2050, with a greater reduction in net greenhouse gas emissions ahead of 2040. As a consequence, it will imply less additional effort after 2040 to reach net zero emissions by 2050. Option 3 also leads to the lowest GHG cumulative emissions (the ‘GHG budget’) for the EU, making it the best option in terms of the EU’s contribution to limiting climate change and providing the most credible push to the EU’s partners worldwide to accelerate climate action. The Commission’s recommended target of 90% is the lower end of option 3 and the upper end of option 2.

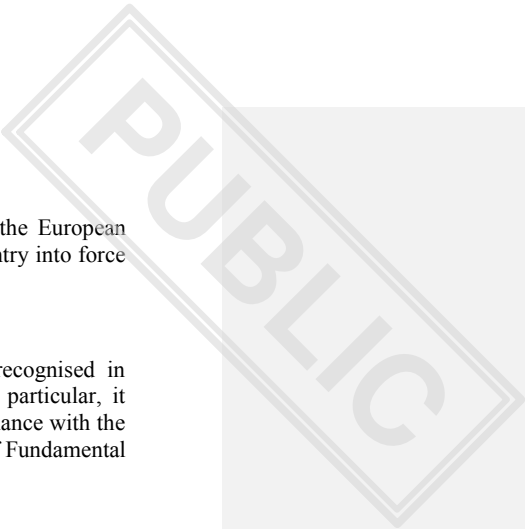
The Regulatory Scrutiny Board issued a positive opinion with reservations on 22 December 2023¹³, with recommendations for improvement. The impact assessment was amended accordingly.

¹⁰ European Scientific Advisory Board on Climate Change, Scientific advice for the determination of an EU-wide 2040 climate target and a greenhouse gas budget for 2030-2050, DOI: 10.2800/609405.

¹¹ European Scientific Advisory Board on Climate Change, Towards EU climate neutrality: progress, policy gaps and opportunities, Assessment Report 2024, DOI:10.2800/216446.

¹² European Scientific Advisory Board on Climate Change, Scientific advice for amending the European Climate Law – Setting climate goals to strengthen EU strategic priorities, DOI: 10.2800/1978453.

¹³ SEC(2024) 64 final.



In addition, in May 2024, the Commission published a report on the operation of the European Climate Law¹⁴. It details the actions taken since the European Climate Law's entry into force to speed up the transition to climate neutrality.

- **Fundamental rights**

The proposal respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union. In particular, it contributes to the objective of a high level of environmental protection in accordance with the principle of sustainable development as laid down in Article 37 of the Charter of Fundamental Rights of the European Union¹⁵.

4. BUDGETARY IMPLICATIONS

The indirect impacts on Member States' budgets will depend on their choice of national policies and measures for greenhouse gas emission reductions and other mitigation action, and will follow mostly from the possible complementary proposals to revise related instruments or propose new ones to deliver the additional greenhouse gas emission reductions necessary.

The implementation of this proposal will not require an increase in capacity from the services of the Commission, as set out in the attached legislative financial and digital statement.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

Transparent and regular reporting by Member States coupled with robust assessments by the Commission and mechanisms to ensure that progress is assessed are essential to ensure that the EU remains on track towards achieving the EU 2050 climate-neutrality objective. The initiative does not alter the arrangements for tracking progress towards achieving the European Climate Law's objectives.

- **Detailed explanation of the specific provisions of the proposal**

Article 1 contains all the proposed amendments to the European Climate Law, namely:

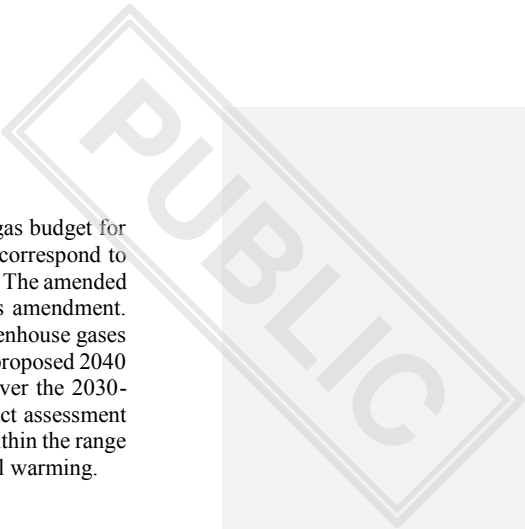
Article 1 on subject matter and scope: to include a reference to the 2040 climate target in relation to the scope of the European Climate Law.

Article 4 on intermediate Union climate targets: to set the Union-wide target for 2040, based on the detailed impact assessment accompanying the 2040 climate target Communication, and taking into account the scientific advice of the ESABCC. The Commission's EU-wide assessment of the final updated national energy and climate plans¹⁶ (NECPs) shows that the EU is currently on course to reduce net greenhouse gas emissions by around 54% by 2030, compared to 1990 levels, if Member States implement fully existing and planned national measures and EU policies. The EU is thus well on track to reach the EU 2030 target of reducing net greenhouse gas emissions by at least 55% compared to 1990. The Commission also took into account the conclusions of the progress assessments made in the 2023 Climate Action Progress Report, the outcomes of the global stocktake, and considered the elements set

¹⁴ COM(2024) 196 final.

¹⁵ OJ C 326, 26.10.2012, p. 391.

¹⁶ COM(2025) 274 final.



out in Article 4(5) and the report on the projected indicative Union greenhouse gas budget for the 2030-2050 period. The net greenhouse gas emissions covered by the target correspond to the Union-wide greenhouse gas emissions and removals regulated in Union law¹⁷. The amended provision replaces Article 4(3)-(5) which set out the process leading up to this amendment. Consistently with the EU 2030 climate target of at least 55% reduction of net greenhouse gases and its associated policy framework, with climate neutrality in 2050 and with the proposed 2040 target of a 90% reduction, the resulting indicative “GHG budget” for the EU over the 2030-2050 period is estimated at 16 GtCO₂-eq, as explained in Annex 14 to the impact assessment accompanying the 2040 climate target Communication. This GHG budget falls within the range analysed by the ESABCC from feasible scenarios compatible with a 1,5°C global warming.

¹⁷ As explained in the technical information accompanying the Report from the Commission to the European Parliament and the Council EU Climate Action Progress Report 2024, SWD(2024) 249 final, COM(2024) 498 final.

2025/0524 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,
Having regard to the proposal from the European Commission,
After transmission of the draft legislative act to the national parliaments,
Having regard to the opinion of the European Economic and Social Committee¹,
Having regard to the opinion of the Committee of the Regions²,
Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The outcome of the first global stocktake³ under the Paris Agreement⁴, concluded at the United Nations Climate Change Conference at the end of 2023, found that parties are putting increasingly effective climate policies in place, but that urgent additional action is needed to put the world fully on track for achieving the goals of the Paris Agreement.
- (2) Through the adoption of Regulation (EU) 2021/1119 of the European Parliament and of the Council⁵, the Union has enshrined in legislation a binding objective of economy-wide climate neutrality by 2050, thus reducing emissions to net zero by that date, and the aim of achieving negative emissions thereafter, established a binding Union 2030 intermediate climate target and provided for the setting of a Union-wide intermediate climate target for 2040.
- (3) Taking into account the scientific advice by the European Scientific Advisory Board on Climate Change and based on a detailed Impact Assessment, the Commission presented a recommended target of a 90% net greenhouse gas emission reduction compared to 1990 levels for 2040 in its Communication of 6 February 2024 on

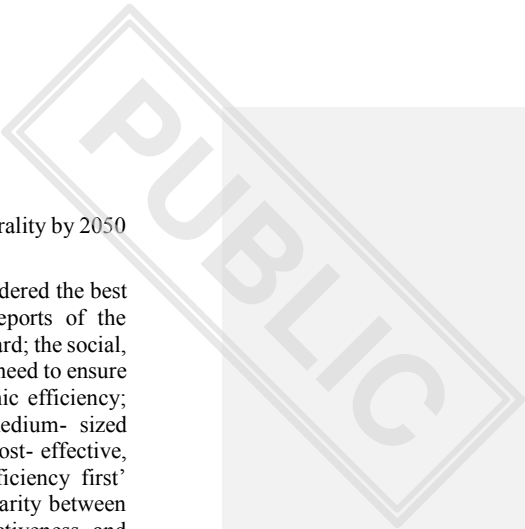
¹ OJ C , , p. .

² OJ C , , p. .

³ Decision 1/CMA.5.

⁴ OJ L 282, 19.10.2016, p. 4.

⁵ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1119/oj>).

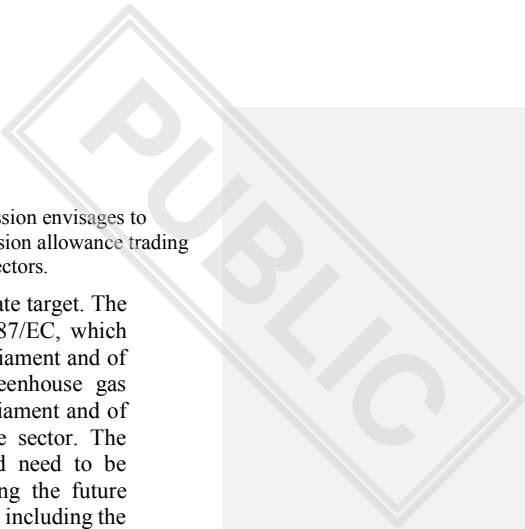


Securing our future: Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society⁶.

- (4) In order to propose the Union 2040 climate target, the Commission considered the best available and most recent scientific evidence, including the latest reports of the Intergovernmental Panel on Climate Change (IPCC) and the Advisory Board; the social, economic and environmental impacts, including the costs of inaction; the need to ensure a just and socially fair transition for all; cost-effectiveness and economic efficiency; competitiveness of the Union's economy, in particular small and medium-sized enterprises and sectors most exposed to carbon leakage; best available cost-effective, safe and scalable technologies; energy efficiency and the 'energy efficiency first' principle, energy affordability and security of supply; fairness and solidarity between and within Member States; the need to ensure environmental effectiveness and progression over time; the need to maintain, manage and enhance natural sinks in the long term and protect and restore biodiversity, including in the marine environment; investment needs and opportunities; international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC); existing information on the projected indicative Union greenhouse gas budget for the 2030-2050 period.
- (5) In order to achieve the 2040 climate target it is essential to, inter alia, fully implement the agreed 2030 framework, ensure and provide support to the competitiveness and resilience of the European industry, ensure transition pathways based on best available cost-effective, safe and scalable technologies, set a greater focus on a just transition encompassing additional sectors and regions that leaves no one behind, ensure fair competition with international partners, decarbonise the energy system with all zero and low carbon energy solutions (including renewables, nuclear, energy efficiency, storage, CCS, CCU, carbon removals, geothermal and hydro-energy, and all other current and future net-zero energy technologies), and organise a strategic dialogue on the post-2030 framework with all relevant sectors to safeguard the functioning and security of vital services, including food security and national defence, and the security of supply of raw materials necessary for the functioning of these service- With the Clean Industrial Deal, the EU is putting in place the conditions for a successful transition, focusing on both decarbonization and industrial renewal, including support mechanisms for European industry, better access to public and private finance, a global level playing field, and clear enabling conditions for the uptake and scaling of clean technologies, in order to strengthen industrial competitiveness and innovation in the EU.
- (6) In light of the 2050 climate-neutrality objective, by 2040 greenhouse gas emissions should be reduced and removals enhanced, to ensure that the net greenhouse gas emissions, that is emissions after deduction of removals, are reduced economy-wide by 90 % by 2040 compared to 1990 levels.
- (7) Priority should be given to domestic reductions in greenhouse gas emissions, complementing it by increased removals, including through both natural and technological solutions. In the development of the post-2030 policy package, due attention should be paid to the contribution of gross emission reductions versus natural and technological removals. Nature-based and industrial removals play an increasing role in the Union's economy in the next decades, in view of the need to balance greenhouse gas emissions and removals at the latest by 2050 and negative emissions thereafter. Incentives will be developed on the occasion of the review of Directive

Commented [A1]: We advocate for the expansion of the Just Transition to encompass more sectors and regions. In addition to direct fossil fuel – related sectors, the transition also impacts other sectors requiring restructuring, such as forestry, peat, and agriculture sectors. This implies that, besides traditional fossil fuel-based industrial regions, other regions also require support for a just transition. It might be useful to consider establishing a methodology on how to evaluate the needs of different sectors and their contribution to the climate goals to see where the focus of resources should be aimed.

⁶ COM(2024) 63 final



2003/87/EC of the European Parliament and of the Council⁷ in 2026, where the Commission envisages to provide for domestic permanent carbon removals in the system for greenhouse gas emission allowance trading within the Union ('EU ETS') to compensate for residual emissions from hard to abate sectors.

- (8) The Union has in place a regulatory framework to achieve the 2030 climate target. The legislation implementing that target consists, inter alia, of Directive 2003/87/EC, which establishes the EU ETS, Regulation (EU) 2018/842 of the European Parliament and of the Council⁸, which introduced national targets for reduction of greenhouse gas emissions by 2030, and Regulation (EU) 2018/841 of the European Parliament and of the Council⁹, which sets net carbon removal targets for the land use sector. The Commission should assess how the relevant Union legislation would need to be amended in order to achieve the 2040 climate target. When designing the future architecture, the Commission should prepare detailed impact assessments, including the impacts on competitiveness and small and medium enterprises, and consider taking necessary measures, including legislative proposals as appropriate. A number of elements to facilitate the achievement of the 2040 target should be appropriately reflected, including a potential limited contribution towards the 2040 target of high-quality international credits under Article 6 of the Paris Agreement, in the second part of the 2030-2040 decade, in line with accounting rules of the Paris Agreement; the role of domestic permanent removals (Biogenic emissions Capture with Carbon Utilisation and Storage (BioCCU/S) and Direct Air Capture with Carbon Storage (DACCS)) in the EU ETS) with a possibility to finance transition technologies; enhanced flexibility across sectors. The use of international credits should avoid creating an uneven playing field or disproportionate burden for smaller Member States or for those that do not make use of such mechanisms. In order to assess the social, economic and environmental impacts, the future architecture should be based on robust impact assessments. The future architecture should also foster convergence while taking into account fairness and Member States' specificities and historic GHG emission reductions, including those of islands and outermost regions.
- (9) Since the objective of this Regulation, namely to set a Union-wide climate target for 2040, cannot be sufficiently achieved by the Member States but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (10) Regulation (EU) 2021/1119 should therefore be amended accordingly,

Commented [A2]: carbon dioxide emissions from industries that are difficult to phase out, like the cement industry or the incineration of toxic and hazardous waste could be used in CCU projects. **Legal uncertainties, however, make it difficult to develop these kinds of innovations.** The development of carbon utilisation projects is hampered by a lack of clarity about the ownership of negative emissions. In the light of the new frameworks, including the voluntary linking certificate and the amendments to the EU ETS, there is a need for clarity on who owns the linking credit in the value chain. Uncertainty in the definition of permanent carbon storage also creates uncertainty in the design of business models. We support the Commission's delegated act on the exemption from the surrender of allowances in the event of permanent chemical binding of carbon. At the same time, we call on the Commission to provide further guidance and develop clear methodologies for determining which products meet the criteria set out in these acts.

Commented [A3]: Countries with no production experience with, for example, hydrogen or CO2 capture technologies need a transition period and a favourable regulatory environment to be able to deploy low-emission solutions in sectors that are difficult to decarbonise. In sectors where the production capacity of green technologies has not been proven, it must be possible to finance transition technologies that promote the circular economy from European Union funds.

Commented [A4]: By 2023, Estonia has reduced its GHG emissions 63% compared to 1990. It is clear that every next reduction percentage will be more and more difficult. The design of the 2040 framework should take into account the historical emission reductions of the Member States of the European Union and the capacity of land use to increase the carbon stock, so that the EU-wide target is distributed as fairly as possible between the Member States

⁷ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: <http://data.europa.eu/eli/dir/2003/87/oj>).

⁸ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26, ELI: <http://data.europa.eu/eli/reg/2018/842/oj>).

⁹ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/841/oj>).



HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2021/1119

Regulation (EU) 2021/1119 is amended as follows:

(1) in Article 1, second paragraph, the following sentence is added:

‘This Regulation also sets out a binding Union target for 2040.’;

(2) in Article 4, paragraphs 3, 4 and 5 are replaced by the following:

‘3. In order to reach the climate-neutrality objective set out in Article 2(1), the binding Union 2040 climate target shall be a reduction of net greenhouse gas emissions (emissions after deduction of removals) by 90 % compared to 1990 levels by 2040.

4. With a view to the period after 2030, the Commission shall review relevant Union legislation in order to enable the achievement of the target set out in paragraph 3 of this Article and the climate-neutrality objective set out in Article 2(1) and consider taking the necessary measures as appropriate and based on detailed impact assessment, in accordance with the Treaties.

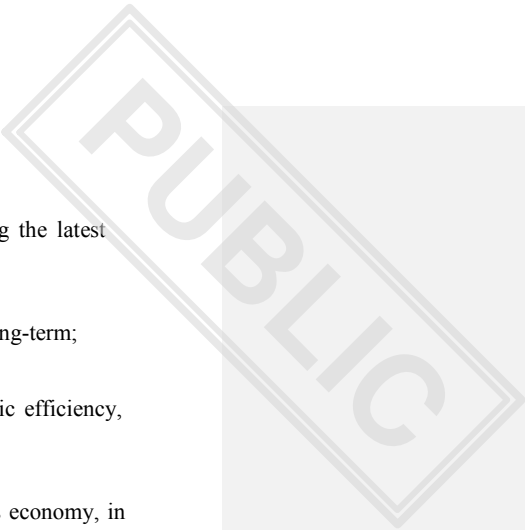
While some enabling policies have already been implemented and their impact is already visible, this is not yet the case for all. The Commission shall aim to accelerate and strengthen the enabling framework to ensure that conditions are in place to support European industry and citizens throughout the transition, in full respect of EU law.

Within the framework of the review referred to in the first subparagraph, in order to facilitate the achievement of the target set out in paragraph 3 of this Article, the Commission shall ensure that the following elements are appropriately reflected in the legislative proposals:

- (a) Starting from 2036, a possible limited contribution towards the 2040 target of high-quality international credits under Article 6 of the Paris Agreement of 3% of 1990 EU net emissions supporting the EU and third countries in achieving net greenhouse gas reduction trajectories compatible with the Paris Agreement objective to hold the increase in the global average temperature to well below 2 °C and pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels - the origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law;
- (b) the role of domestic permanent removals under the greenhouse gas emission allowance trading system within the Union (‘EU ETS’) to compensate for residual emissions from hard to abate sectors;
- (c) enhanced flexibility across sectors, to support the achievement of targets in a cost-effective way;
- (d) Member States post-2030 targets and efforts should reflect cost-efficiency greenhouse gas emission reduction potential and solidarity, in light of national circumstances and different starting points and capacities of Member States;

Commented [A5]: By 2023, Estonia has reduced its GHG emissions 63% compared to 1990. It is clear that every next reduction percentage will be more and more difficult. The design of the 2040 framework should take into account the historical emission reductions of the Member States of the European Union and the capacity of land use to increase the carbon stock, so that the EU-wide target is distributed as fairly as possible between the Member States

Commented [A6]: When developing policy measures at the European Union level and agreeing on sectoral national targets, it is important that the MS capacity to make the necessary investments is taken into account. It is important that the measures to be taken support MS competitiveness and ensure a just transition in order to mitigate the negative social and economic impacts arising from the reduction of greenhouse gases. When setting climate goals, we consider it important that the functioning and security of vital services, including food security, and the security of supply of raw materials necessary for its functioning are ensured.



- (e) the best available and most recent scientific evidence, including the latest reports of the IPCC and the Advisory Board;
- (f) the social, economic and environmental impacts;
- (g) the costs of inaction and the benefits of action over mid-term to long-term;
- (h) the need to ensure a just and socially fair transition for all;
- (i) simplification, technology neutrality, cost-effectiveness, economic efficiency, and economic security;
- (j) climate action as a driver for investment and innovation;
- (k) the need to strengthen the global competitiveness of the Union's economy, in particular small and medium-sized enterprises and industrial sectors most exposed to carbon leakage so as to ensure fair competition;
- (l) best available cost-effective, safe and scalable technologies;
- (m) energy affordability, security of supply, energy efficiency and the 'energy efficiency first' principle;
- (n) fairness and solidarity between and within Member States;
- (o) the need to ensure environmental effectiveness and progression over time;
- (p) the need to maintain, manage and enhance natural sinks in the long term and protect and restore biodiversity, as well as take into account uncertainties notably those linked to the impacts of climate change in the land use sector;
- (q) investment needs and geographically balanced funding opportunities, including access to public and private finance;
- ~~(r) enhanced financial framework~~
- (s) international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the UNFCCC, as well as the support of the Union to its partners in addressing climate change and its impacts.

Commented [A7]: In order to achieve climate and energy policy goals, the funds financed by the European Union must focus on activities that provide the greatest added value in the whole of Europe. In doing so, the competition policy of the European Union, state aid rules and the principles of equal treatment must be taken into account. The European Union Innovation Fund plays an important role in the implementation of climate and environmental goals, and the rules for its use should be reviewed, especially in the area of balanced geographical distribution of projects, in order to ensure better financing opportunities for companies in smaller countries. When developing policy measures at the European Union level and agreeing on sectoral national targets, it is important that the MS capacity to make the necessary investments is taken into account.

(3) In Article 1, the following sentence is added:

'By 2032, the Union shall conduct a comprehensive assessment of the achievement of 2030 targets, taking into account the progress in technological development and its economic impact across Member States and sectors, and, where necessary, adjust the measures, flexibilities and strategies related to the 2040 target accordingly.'

Article 2

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

PUBLIC

SPAIN

EUROPEAN CLIMATE LAW COMMENTS

Spain welcomes the Commission's proposal to amend the Climate Law to include a net 90% emissions reduction target by 2040, compared to 1990 levels, as recommended by science.

In this context, Spain can support the general approach presented by the Commission.

It is essential that discussions remain aligned with science, ambition, and the international commitments undertaken, including progression and highest possible ambition and the GST requirements, always keeping in mind the overarching goal of securing an ambitious climate target for 2040.

The flexibilities accompanying the 90% target should be seen as instruments to help ensure the target is met, without undermining its level of ambition. In any case, further work will be required to define the technical and operational aspects of these flexibilities. This should be addressed during the negotiations on the relevant legislative package, with clarity on when and where these elements will be discussed.

Spain reiterates its position that the 2040 target and the update of the NDC for 2035 should be addressed jointly, as part of a coherent package. In this regard, Spain supports the programme of work as proposed by the Danish Presidency of the EU.

The European Union must not send signals of backtracking. It is essential to meet commitments in terms of both timeline and ambition. The new EU NDC must provide a clear and credible roadmap linking the current 55% target for 2030 with the 90% reduction by 2040, in line with the Paris Agreement and the 1.5°C goal.

FINLAND

9.7.2025

Preliminary comments on the proposal for a regulation amending regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

While Finland is still scrutinizing the Commission's proposal, we would like to make the following preliminary remarks:

Finland has been among the first Member States to support the 90 % net target for 2040, which is based on science and Paris Agreement. Finland underlines that long-term, ambitious climate policy is important for the EU's competitiveness. Ensuring predictability and stability of EU's climate policy after 2030, is crucial especially for the investment stability of our companies.

On the proposed flexibility across sectors (art. 4.4 c-point): we view positively the idea that overachievement in one sector could be counted toward a target in another sector. However, we underline that the current ESR-LULUCF flexibility is very problematic and can result in missing both targets. Instead of providing flexibility, it serves as punishment. Consequently we stress that problems with a target in one sector must not lead / risk missing a target in another sector as well.

In addition and with respect to the Commission proposal, Finland would like to underline the importance of keeping the following:

- art 4.4 (b): the notion on including permanent industrial carbon removals into EU ETS.
- art 4.4 (i): the notions on technological neutrality and cost-effectiveness
- art 4.4 (p): the latter part of the point on taking into account uncertainties of the land use sector.
- recital 5: the notion that in order to achieve 2040 climate target, it is essential to decarbonize the energy system including with nuclear.
- recital 7: the notion that for the achievement of 2040 target, priority should be given to domestic reductions in greenhouse gas emissions.
- recitals 7 and 8: the notions on including permanent industrial carbon removals into EU ETS and bioCCS. We underline that BECCS needs to be part of the post-2030 toolbox, and its uptake and development should be fully supported by EU legislation.

Ireland first observations on European Climate Law Text Proposal

08 July 2025

Ireland welcomes the publication of the Climate Law proposal from the Commission and is currently examining it in detail. The below text reflects “first reactions” and is subject to change. As per the Programme for Government, Ireland can support an **ambitious** climate target for 2040 and will consider this proposal in further detail, taking good note of the Presidency proposed timetable for agreement.

On the proposal as a whole, Ireland considers it essential to ensure that the compliance architecture for 2030 does not become an impediment in the pursuit of targets for 2040.

Article 4

4(a) Use of International Credits (Flexibility 1)

Ireland is examining the Commission proposal and will revert to the Presidency when it has a formal position. Nevertheless, it is our view that the Council should seek to create a firm position on the calculation basis for the potential future use of this measure. In particular, a common understanding of the following text would be helpful:

*“Starting from 2036, a **possible limited contribution** towards the 2040 target of high-quality international credits under Article 6 of the Paris Agreement of 3% of 1990 EU net emissions.....”.*

The current lack of clarification of how the 3% will be determined, and how the term “possible” would impact the framework, creates significant uncertainty.

Finally, the use of international credits should be predicated on the provision of a robust framework that can ensure high-quality projects.

4(b) Negative Permanent Emissions in the ETS (Flexibility 2)

Given negative permanent emissions are not in the current framework, Ireland supports their inclusion as it will help create a business case for these measures in future. As Ireland does not have a large heavy industry, its value may be limited nationally, however a carefully considered policy on removals from hard-to-abate sectors in the subsequent framework would be welcome.

4(c) Enhanced Flexibility across Sectors (flexibility 3)

This overall approach can be welcomed. However, in itself, it should not be used to address issues that should be managed directly in the climate framework. For example, if a Member State's land use is predominantly agriculture (and not forestry), then the current flexibility between the LULUCF and ESR is quite limited, as both policy areas perform similarly. Similarly the flexibility for high organic soils is conditioned on issues outside a Member State's control.

Ireland also believes there is a strong case for some flexibility in the energy sector as well as the climate framework. However, this should not undermine the overall objectives in energy, such as energy efficiency first and the promotion of renewable energy. However, there are cases where it makes sense, for example – allowing a Member State to adjust up and down its energy efficiency and renewables ambition as best suits to meet its climate ambition. We would therefore **propose an amendment** to the text of 4(c) as follows:

*“enhanced flexibility across **climate** sectors **and in the energy framework where appropriate** , to support the achievement of targets in a cost-effective way”*

4 (d) Member State Targets

Ireland supports the principles listed in the Commission's proposal, namely cost efficiency, solidarity and the reflection of national circumstances. The Impact Assessment accompanying the Commission's Communication in February 2024 demonstrated that each sector is capable of different levels of emission reductions and this should be reflected. This will be important to consider in order to develop targets that Member States can meet, given diverging economic and industrial profiles. Therefore, we would propose the following clarification:

- (d) *Member States post-2030 targets and efforts should reflect cost-efficiency and solidarity, **the reduction capability of each sector, and be determined in light of national circumstances;***

Recital - Island Member States

Ireland welcomes the reference to 'islands' in the recitals and would support a direct reference within Article 4.4. Such a targeted modification would reinforce coherence between the recitals and the provisions of the Regulation, ensuring that the particular challenges of island Member States are formally recognised without upsetting the overall balance of the text.

Written comments on the European Climate Law amendment proposal (COM(2025) 524 final, 11184/25)

1. Questions and technical observations

- The impact assessment on the 2040 target should have been updated including the new geopolitical context and the proposed flexibilities. **Is there any preliminary assessment the Commission has made on the impacts of the flexibilities it proposes?** Without that it would be hard to assess the effectiveness and impacts of the flexibilities.
- **Has the Commission calculated the projected contribution of permanent removals to emission reduction? Do you have any cost estimations? Are you planning to define to what extent negative emissions can be accounted for? Can they be considered in the context of ETS2?**
- **What other incentives the Commission is considering to enhance industrial carbon management other than the ETS, including the infrastructure and transport to make it more viable?**
- **How the LULUCF fluctuations can be taken into account in the future framework? Could the Commission provide some examples on that? Are we considering natural disturbances?**
- As we understood from the explanation of the Commission the 3% limit for the use of international credits is based on the consultation with Member States, so it is rather a political decision to reach majority support than a value based on real data. However, in order to be able to decide on the suitability of certain flexibilities proposed, it would be essential to understand how they contribute to the target, so beyond political arguments quantitative affirmations would also be needed. **Is there any assessment that backs that it is 3% and not other number? Are there any assessments on that? It would be also crucial to predict which sectors can benefit from this instrument.**
- **How will this mechanism account for the differing financial capacities of Member States to ensure the fair and equitable transition across the Union?**
- **About enabling conditions, how will the Commission ensure that technological neutrality is respected?** Member States have been able to choose their energy mix as it is their prerogative, including for instance nuclear energy. **By referring to technological neutrality, does it mean that the Commission is considering options to incentivize zero and low carbon technologies?**
- CCGT plays an important role not only in maintaining the energy security of certain Member States, but in the transition towards climate neutrality. **Would the Commission recognise the transitional role of CCGT under technological neutrality?**

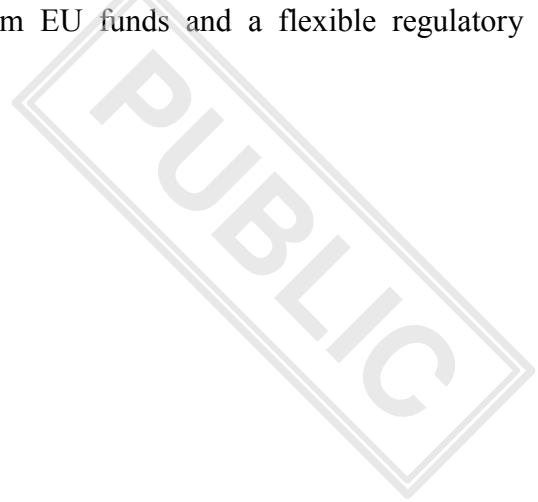
2. Other observations

- We understand that many details of the proposed flexibilities will be discussed at a later stage, but **Member States are expected to subscribe to a target without knowing its feasibility** and whether the proposed flexibilities can effectively contribute to the target and can be utilised by all Member States.
- We **welcome the idea of including domestic permanent removals in the EU ETS**, in particular because **further incentives are needed in the LULUCF-sector to compensate for the detrimental effects of global warming. This is an idea that is worth exploring**, also because of the difficulties of hard-to-abate, energy-intensive industrial sectors that still employ many people across Europe.
- At the same time, as it was highlighted in the industrial carbon management strategy as well, **industrial carbon management needs to be incentivised to make it affordable and to build a market for that. The relevant technologies and the necessary infrastructure are not yet in place, often not affordable. We are looking forward to the details of that idea.**

3. General remarks on the proposed way forward

- On the Union level, it is regrettable that **a similar pattern appears to be emerging as with the European Green Deal and the Fit for 55 package: a target is being set now, while the legal and financial framework necessary to achieve it**, according to the Commission's communication, **will only be developed at a later stage**. At this point, **we do not yet have a clear view on whether all of the 2030 targets will be met on EU level** — under such circumstances, it is **difficult to assess the attainability of the 2040 target** as proposed last week. From our current standpoint, achieving the 2040 interim target requires a **pragmatic, economically balanced, and socially fair** transition.
- As **the decision has an impact on the whole society and economy**, we do not agree with a rushed decision so that we can submit to the UN a non-binding target value for 2035. It is unacceptable, irresponsible and goes against the objective to enhance competitiveness and to set a framework that is realistic. At the same time, we also find it concerning from a procedural point of view. We should have thorough discussions and a well-formed common position before deciding on the target level. It requires time.
- If we would like to keep the deadline for the NDC, while reaching a balanced outcome of negotiations on the climate law, **the discussion on the NDC and the climate target should be separated**, and the indicative value for 2035 in the NDC should be derived from the targets for 2030 and 2050. Once the 2040 target is adopted, we could update our NDC accordingly – as we have already elaborated at the Council Meeting.
- The target needs to be endorsed by the European Council, similarly to the 2030 target back then. The decision goes well beyond the climate framework, therefore it merits the discussion at the highest political level.
- As a country with significant rural areas, Hungary sees climate-resilient agriculture and sustainable land use as essential to our strategy. The Common Agricultural Policy (CAP) must continue supporting this transition.

- This **path to 2040 and 2050 must remain inclusive, ensuring that no region or community is left behind.** Continued support from EU funds and a flexible regulatory framework are indispensable for our success.



THE NETHERLANDS

Working Party on Environment (WPE) on 2040

Comments

8 July 2025

In general, the NL places a scrutiny reserve on the proposal as a whole.

Cluster 1: Use of international carbon credits

On international carbon credits, we have to be careful as this could have implications for EU industry and for achieving climate neutrality in the EU in 2050. We have several questions on how this could be developed and how it will be implemented, as well as questions related to the costs:

Process:

- The proposal speaks of a thorough impact assessment for incorporating international credits under article 6 in the 2040 target. Can we expect the Impact Assessment together with the review of the EU ETS in 2026?
- Which process is foreseen to discuss the origin of the credits and the quality criteria and other criteria in more detail?
- How will the Commission assess the consequences for EU industry? Considering we would invest significantly outside the EU through A6 instead of investing this in greening our own industry. Also taking into account that 10 years later – between 2040 and 2050 - we will have to make the necessary investments within the EU in any case to go to net zero.

Cap:

- According to our understanding of the explanation of the Commission, the possible limited contribution of 3% could range from 150 million tons to 450 million tons. We feel that this is too big of a range. It would be clearer for everyone that will have to negotiate on this to clarify the amount of tons of mitigation we might outsource. Also, we would highly appreciate a clear explanation in written form how the linear trajectory approach would look like in each year from 2036-2040.
 - Where does this leave us in terms of final emissions in 2040? 3% seems small, but in 2040 we are talking about 1/4 of our emissions possibly being compensated with credits.

Link with ETS:

- It is highly important that if we would end up buying A6 credits, that these cannot be used within the ETS. This should be part of the legislative proposal. See our suggestion at the end of the document.

Costs:

- Have you modelled the expected costs of buying the amount of international carbon credits equivalent to the (3)% that is foreseen under this amendment?
 - Which price range for A6 credits in 2036-2040 is the Commission calculating with? We have seen projections of costs around 200 dollars per ton in 2040, which means we could be talking about investing more than 150 billion dollars elsewhere, instead of within the EU.

- From which countries and what kind of projects or sectors do you envisage to buy international credits. And who will buy these credits: Will this be the Commission for the EU as a whole or individual member states and could the Commission explain how the design choices within the broader architecture influence this choice? Will there be a central board?

For the Impact Assessment:

- With which price projections for A6 credits will the Commission work? Which factors are taken into account?
- How will the Commission take into account different policy scenarios? (for example, based on the level of ambition of NDCs, demand and therefore prices will be different).
- Which technological advancements do we need to see for 3% (or 1 or 2 %) external investments to be cost effective in the long term towards net zero and what are the chances these advancements take place within that timeframe?
- How will verification and monitoring of these international carbon credits be organized, to safeguard that they are permanent, measurable, unique, transparent and sustainable?

EU's responsibility under the Paris Agreement

- Does the Commission foresee that the A6 credits lead to corresponding adjustments? If so, how would this support third countries in achieving their net GHG reduction trajectories (as is stated in the proposal)?

Cluster 2: Inclusion of negative emissions technologies towards the target

On carbon removals in general, it is important that this will be incorporated in the EU climate architecture after 2030. However, careful design is needed in this early phase of development. We think that various options of the instrumentation of carbon removal technologies should be considered, apart from integration in the EU ETS. With this in mind we are currently reviewing the proposal and we have the following questions:

- Does the Commission also regard the environmental integrity of the EU ETS as paramount when it comes to a role for carbon removals? How will the Commission ensure the environmental integrity?
 - Will additional allowances as a result of carbon removals come at the expense of future auction volumes?
 - Will there be a limit on the generation of allowances via carbon removals?
- We would prefer a recital in which the importance of the environmental integrity of the EU ETS is emphasized when it comes to carbon removals. Please find our suggestion for the recital at the end of the document.
- Does the Commission foresee that the CRCF certification will be used to ensure the integrity of the permanent removals? Which amendments would need to be made to the CRCF?
- What will be the timeline for the Commission to integrate permanent removals into the ETS? Would there be room to foster innovation first through public procurement, before integrating permanent removals into ETS?
- Does the Commission expect that the integration will create a business case for all types of permanent removal technologies? To what extent does integration help the business case of permanent removal technologies with low technology readiness levels?
- What would integration of carbon removals through MSR look like?
- Will the amount of (permanent and temporary) carbon removals that can contribute towards the 2040 climate target be capped (either in absolute or relative terms)?

- To what extent do temporary carbon removals play a role towards attaining the overall target? How can it be ensured that fossil CO₂ is offset with permanent carbon removal, rather than temporary?

PUBLIC

Cluster 3: More flexibility in sectoral contributions to the target

To achieve the 2040 climate target effectively and maintain a level playing field within the internal market, strong and coherent EU-level policy instruments — both regulatory and pricing-based — are essential post-2030. Addressing challenges such as carbon leakage requires a strong EU approach.

- Will the commission take into account that all sectors need to be on a path towards climate neutrality in 2050, meaning the possibilities for flexibility will still be limited?
- What kind of flexibilities do you foresee between sectors? Will it be focused on (successors of) ETS, ESR, LULUCF or will flexibilities on energy subtargets post-2030, like hydrogen, synthetic fuels, cooling targets etc also be included? We would appreciate more examples of what the Commission thinks of in this regard.
- Is it foreseen that agriculture will be taken out of the ESR and combined with LULUCF into one (AFOLU) sector?

Preliminary text suggestions with a focus on the flexibilities:

We would like to share the following preliminary text suggestions on the flexibilities. We are still studying the proposal in full, so these suggestions should not be considered as definitive nor complete:

Reference	Text suggestion (bold = suggestions added by NL; strike through = suggestions deletion text)	Explanatory remarks
Recital 8	<p>The Union has in place a regulatory framework to achieve the 2030 climate target. The legislation implementing that target consists, inter alia, of Directive 2003/87/EC, which establishes the EU ETS, Regulation (EU) 2018/842 of the European Parliament and of the Council, which introduced national targets for reduction of greenhouse gas emissions by 2030, and Regulation (EU) 2018/841 of the European Parliament and of the Council, which sets net carbon removal targets for the land use sector. The Commission should assess how the relevant Union legislation would need to be amended in order to achieve the 2040 climate target. When designing the future architecture, the Commission should prepare detailed impact assessments, including the impacts on competitiveness and small and medium enterprises, and consider taking necessary measures, including legislative proposals as appropriate. A number of elements to facilitate the achievement of the 2040 target should be appropriately reflected, including a potential limited contribution towards the 2040 target of highquality international credits under Article 6 of the Paris Agreement as a safety net, in the second part of the 2030-2040 decade, in line with accounting rules of the Paris Agreement; the role of domestic permanent removals (Biogenic emissions Capture with Carbon Storage (BioCCS) and Direct Air Capture with Carbon Storage (DACCS)) in the EU ETS (while ensuring the environmental integrity of the EU ETS); enhanced flexibility across sectors. In order to assess the social, economic and environmental impacts, the future architecture should be based on robust impact assessments. The future architecture should also foster convergence while taking into account fairness and Member States’ specificities, including those of islands and outermost regions.</p>	<p>International credits:</p> <p>The international credits flexibility should be used as a fallback option/safety net. It should be a maximum % and it should be clear in the recitals that the principle is that this is a safety net. We do not aim for the safety net with policies.</p> <p>Anticipating that these credits will be available at the scale, on time and with the quality and price we desire seems presumptuous. We see a risk in designing our policies based on this assumption.</p> <p>Role of domestic permanent removals in the EU ETS:</p> <p>It should be made clear from the outset that a role for permanent carbon removals in the ETS may never come at the cost of deterioration of the environmental integrity of the ETS.</p>
Article 1 (2) a.	<p>Starting from 2036, a possible limited contribution towards the 2040 target of high-quality international credits under Article 6 of the Paris Agreement of no more than 3% 1% of 1990 EU net emissions supporting the EU and third countries in achieving net greenhouse gas reduction trajectories compatible with the Paris Agreement</p>	<p>It is essential that this text is not watered down. The following words have to be kept in any case:</p> <ul style="list-style-type: none"> - ‘starting from 2036’ - ‘possible’

	<p>objective to hold the increase in the global average temperature to well below 2 °C and pursue efforts to limit the temperature increase to 1,5 °C above preindustrial levels - the origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law; These international credits should not play a role for compliance in the EU ETS.</p>	<ul style="list-style-type: none"> - 'towards' - 'high-quality' - 'supporting the EU and third countries in achieving net ghg reduction trajectories ...' - We want to see the wording 'no more than' - We want to see wording already preventing use in the ETS.
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European Climate Law Amendment:

Luxembourg preliminary written comments in follow-up of the working party on the Environment meetings of 3rd and 7th July 2025

- We welcome that the formal negotiations on the CL2040 amendment can finally take place. We fully support the process as proposed by the Danish Presidency, to keep a tight link between the two files of the European Climate Law amendment and the preparation of the EU's next NDC and aiming at a political agreement at the ENVI Council meeting on 18 September 2025.
- Luxembourg supports a level of ambition for the 2040 EU climate target of a domestic net emissions reduction of 90% compared to 1990 levels, in line with the advice given by the European Scientific Advisory Board on Climate Change.
- The next EU NDC must be in line with the 1.5°C target of the Paris Agreement. The EU should be ready to present a credible NDC at the UN General Assembly meeting in New York in September 2025, to ensure that the EU NDC is incorporated in the NDC synthesis report that will be prepared ahead of COP30.
- We share the views expressed in the Draghi report regarding the tight link between competitiveness and decarbonization. We are convinced that ensuring continuity in EU climate policy will have a positive impact on the EU's competitiveness and innovation, and benefit in terms of investment certainty and costs of the transition, avoided costs of climate change impacts, reduction of import dependency and increased resilience and political independence, billions of Euros being saved for reduced fossil fuel imports and numerous benefits for human health, ecosystem health and biodiversity.
- The proposal as presented by Commission on 2nd July 2025 is under scrutiny reserve. For Luxembourg it represents a minimum level of ambition and it must not be weakened.
- LU has not yet formulated any specific demands relating to the additional / strengthened flexibilities put forward by the Commission. LU generally welcomes the consideration of domestic permanent removals in the ETS, as well as enhanced flexibilities across sectors, under the condition that they do not weaken the overall ambition of the proposal. Those flexibilities should be considered in detail together with the legislative implementation package. In any case, a fair access for all MS must be guaranteed, taking into account the different administrative capacities of smaller MS.
- LU however cautions against additional flexibilities that could potentially weaken the ambition level of the EU target to an emission reduction of less than 90% compared to 1990.

- LU is therefore critical towards the approach proposed by COM, allowing for a limited use of international carbon credits under Art. 6 of the Paris Agreement to meet the 2040 target. LU believes this undermines investment certainty and risks diverting investments in the transition and clean technologies from the EU Member States to third countries, possibly strengthening competitors or delaying needed expenditures to a later stage. However, we see a clearly positive and enabling role for the use of Art. 6 for climate action beyond the EU target of 90% for 2040.
- Such a use of international carbon credits must be based on a detailed impact assessment, focusing on environmental integrity and regulated under EU-wide harmonised rules. Moreover, the certificates must be of high quality, North-South fairness and additionality and a long-term contribution must be ensured as a precondition.
- The integrity of the EU Emissions Trading System must be preserved, and the exclusion of the use of Art. 6 carbon credits within the EU ETS must be clarified in the ECL amendment.
- Regarding the proposal to include domestic direct carbon removals into the ETS, we need an informed discussion as part of the implementation package, based on a comprehensive impact assessment. COM will have to assess the environmental integrity of such an approach and ensure that the priority and emphasis remain on mitigation. Direct carbon removals should only be able to compensate for residual hard to abate emissions. Safety, liability, non-reversibility and rigorous accounting methodologies will be critical pre-conditions.
- Our common approach to the post-2030 EU framework must be developed in line with environmental integrity, cost-efficiency, solidarity and convergence as a matter of priority.

POLAND

The ECL proposal refers to a number of flexibilities intended to facilitate the achievement of the highly ambitious emission reduction target set for 2040. While the target itself is clearly quantified (90%), the accompanying flexibilities are only briefly mentioned in the draft amendments to the regulation, and it remains unclear how they are expected to contribute to the achievement of this objective and to what extent they represent realistic and effective instruments in support of such an ambitious goal:

- Will the use of flexibilities related to sectoral contributions and those under Article 6 of the Paris Agreement be complementary? If so, what would be the sequence for applying these mechanisms?
- The draft revision of the ECL states that the use of international credits should not apply to carbon markets. Does this imply that their use would be limited to fulfilling national targets under the ESR and LULUCF?
- What will serve as the reference point to ensure equal access for Member States to international credits? Will the application of this flexibility be linked to national ESR targets and progress made towards them, or rather to the theoretical trajectory against which Member States are assessed in the Climate Action Progress Report?
- How does the Commission intend to manage the integration of international credits in order to ensure an appropriate balance between the introduction of offset units into the market and the stimulation of market development?
- Will future EU legislation be aligned with the target of a 90% emission reduction at the EU level (achieved domestically), or with an 87% reduction supplemented by international credits? What are the implications should the acquisition of 3% high-quality international credits prove unfeasible?

- The application of inter-sectoral flexibilities requires, at a minimum, clarification of the fundamental pillars on which post-2030 climate policy will be based. A necessary point of reference in this context is the existing EU climate policy architecture, which relies on three pillars: the ETS, ESR, and LULUCF. What, therefore, is meant in concrete terms by the concept of "inter-sectoral flexibility"? Does it refer to ETS, ESR, LULUCF, or all three? In this regard, a key question concerns the future of the ESR: will it be maintained, and if so, will national targets continue to be set using the current methodology?
 - Does the notion of inter-sectoral flexibility pertain to the three regulatory pillars (ETS, ESR, LULUCF), or rather to specific economic sectors such as industry, transport, and agriculture?
 - How does the flexibility mechanism relate to the application of the 1.08 correction factor, which is imposed in the event of failure to meet ESR and LULUCF targets in 2030? In case it applies in the future framework, could this factor also be offset through the use of flexibilities? Furthermore, how would this interact with offsets under Article 6 of the Paris Agreement, particularly in light of the fact that their use is not envisaged before 2036?
 - The European Commission has indicated that carbon removal technologies must be supported through public funding. In this context, how does the Commission envisage the establishment of an internal EU market for the trading of carbon removals?
 - Removals in ETS will compensate for residual emissions from hard to abate sectors, which sectors are hard to abate? Is this compensation will be only within ETS?
 - Due to unforeseen weather extreme events mitigation will be more difficult and possible only with adaptation, especially in land use sector, will extra flexibility be provided for extreme weather events?
 - Communication on Clean Industrial Deal presented Clean Trade and Investment Partnerships which will support decarbonisation efforts in partners countries, are these going to include cooperation under article 6?
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PORTUGAL

Comments from Portugal on the proposal to revise Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality (European Climate Law)"

Portugal welcomes the Commission's proposal for the revision of the European Climate Law, which represents a pivotal step in updating the EU's climate governance architecture to reflect our collective commitment to the 2040 climate target and the long-term goal of climate neutrality. In this regard, we broadly support the proposal, which maintains ambition while introducing important flexibility mechanisms and enabling conditions.

Portugal supports a strong and science-based 2040 climate target. The proposed objective can act as a catalyst for accelerating investment in climate solutions, while reinforcing Europe's long-term strategic competitiveness and resilience. It is also essential to maintain the EU's international credibility on climate action and to ensure we remain on track to achieve our legally binding 2050 neutrality target.

Furthermore, we believe this signal of ambition can encourage other major economies to present ambitious NDCs ahead of COP30, and we see a strong and necessary link between both workstreams that should be preserved in the following discussions.

In this context, we note with appreciation that some of the proposals may address concerns previously raised by Portugal, particularly regarding:

- The potential use of carbon credits representing the mitigation results of innovative financial arrangements, such as debt-for-climate swaps;
- The need for enhanced sectoral flexibility and recognition of national specificities and structural constraints;
- The treatment of natural disturbances within the LULUCF sector, which are becoming increasingly relevant for several Member States due to the impacts of climate change.
- The need to ensure food security.

However, we also underline that the level of detail provided in the proposal remains limited, particularly in relation to how these enabling conditions will be operationalised. Clarifications will be essential to assess whether the proposed mechanisms are sufficient and effective, notably in relation to LULUCF

accounting and cross-sectoral flexibility. We therefore highlight below some of the most pressing questions and points requiring further clarification:

(a) International carbon credits

While we welcome the reference to international carbon credits – acknowledging the potential of these instruments, particularly when linked to innovative finance mechanisms that Portugal has been promoting, such as debt-for-climate swaps – it is essential to ensure that their use complies with robust standards of environmental and social integrity. These credits must be additional, verifiable, and transparent, and their use should complement, not replace, ambitious domestic mitigation. These mechanisms, exemplified by the agreements between Portugal and Cape Verde, convert debt repayments into climate investments channelled through national climate funds – such as Cape Verde’s Climate and Environment Fund (CEF) – which are used to finance projects that enhance resilience and biodiversity. While these are not debt restructuring operations, they represent a growing class of climate finance tools that can mobilise investment in developing countries, provided that key conditions are met, including monetary solvency, transparency, and clear governance structures jointly agreed by both parties.

On this aspect we would welcome clarification on (i) whether credits generated or acquired before 2036 could be eligible for use beyond that date (if they comply with the quality requirements to be set by UE); (ii) the rationale behind setting a 3% quantitative limit starting only from 2036 and not since the beginning of the period (2031). This information is essential in order to understand if this contribution could go beyond the 3%, provided that credits meet high integrity standards as to origin, quality and use. More broadly, we would stress the importance of operationalising this flexibility from the outset of the 2040 target period, ensuring that investments made in the early years are duly considered and contribute to the overall effort, rather than postponing their recognition to 2036.

(b) Permanent removals under the EU ETS

The proposal refers to the role of domestic permanent removals to compensate for residual emissions from hard-to-abate sectors. We would appreciate further clarification on how this mechanism would work in practice and how this approach would not undermine private investment in mitigation measures versus compensation of emissions. Will there be any limitations to use this kind of units?

(c) Enhanced sectoral flexibility

We strongly support greater flexibility across sectors to support cost-effective decarbonisation. This is one of the most important enabling conditions for achieving the 2040 target in a fair and cost-effective way. This flexibility is particularly relevant for Member States that have demonstrated strong

performance in certain areas – such as renewable energy or emissions covered by the EU ETS, like Portugal – but face structural challenges in others, including transport, agriculture or the LULUCF sector. Portugal’s NECP outlines a 55% GHG emission reduction target by 2030, compared to 2005 levels (national economy-wide target) and a trajectory to climate neutrality by 2045, supported by a renewable energy share of 51% in gross final consumption – above the EU target. These ambitions, although based on a different reference year than the EU-wide 2040 target, illustrate the scale of Portugal’s commitment to climate action. However, this strong performance coexists with constraints in non-ETS sectors due to geographic, economic or social realities.

A rigid sector-by-sector approach risks disregarding these differentiated circumstances and may lead to inefficiencies or inequitable effort distribution. Flexibility that allows Member States to offset underperformance in one sector with overachievement in another – in a transparent, rules-based manner – would ensure a fairer and more effective climate policy framework. It is therefore important to clarify how the proposal intends to reflect this type of flexibility in practice and what will the foreseen architecture of compliance in the post-2030. Namely for ETS2 and ESR since the scope of the two regimes overlaps.

The Commission proposal refers to “enhanced flexibilities” so we would appreciate more information on effective proposals being considered.

(p) LULUCF and natural disturbances

The proposal acknowledges the importance of enhancing natural sinks and protecting biodiversity, while recognising uncertainties related to climate impacts in the land use sector. However, we would welcome an explicit reference to natural disturbances and a clearer articulation of how their treatment will evolve in post-2030.

As previously noted by Portugal, the removal of the current natural disturbance exclusion mechanism between 2026-2030 – unless the EU collectively meets the net sink target – introduces a high degree of uncertainty and an asymmetry in how Member States’ specific conditions are taken into account. This is particularly problematic for countries more exposed to climate-induced events such as wildfires, storms or pests, despite having robust forest policies in place.

We therefore reiterate our view that a more resilient and equitable framework is needed. Member States should retain the ability to exclude verified emissions from natural disturbances from their LULUCF accounting, irrespective of whether the EU-wide sink target is met. This is essential to avoid unjustified compliance risks, maintain planning certainty, and preserve incentives for sustainable land and forest management. A failure to address this issue would risk weakening Member States’ capacity to contribute credibly to LULUCF targets and to the EU’s net sink objective as a whole.

Thus, we propose to add a reference in article 4 para 4 - p) to the revision of natural disturbances provisions in the pos-2030 framework, “*the need to maintain, manage and enhance natural sinks in the long term and protect and restore biodiversity, as well as take into account uncertainties notably those linked to the impacts of climate change, like natural disturbances, in the land use sector*”.

(m) Energy interconnections

We believe that the enabling conditions should include a reference to energy interconnections. These are essential for ensuring energy system flexibility, affordability, and security of supply – and will play a critical role in delivering the 2040 target, particularly in the context of increased electrification and renewable integration.

We understand that many of these aspects will be further elaborated in the accompanying impact assessment. Nonetheless, it is important that these concerns are acknowledged early in the legislative process and addressed in the forthcoming negotiations to ensure that the revised Climate Law provides a governance framework that is ambitious, balanced, and responsive to the diversity of Member States’ circumstances.

Thus, in article 4 para 4 – m) we propose to include the following text: “(m) energy affordability and security of supply by accomplishing a genuine Energy Union in 2030 through a single and fully interconnected internal energy market, together with energy efficiency and the ‘energy efficiency first’ principle;”.

SWEDEN

SWEDISH AMENDMENTS

8 July 2025

Sweden has a general scrutiny reservation and would like to reserve the right to come back with further comments and amendments at a later stage.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The outcome of the first global stocktake³ under the Paris Agreement⁴, concluded at the United Nations Climate Change Conference at the end of 2023, found that parties are putting increasingly effective climate policies in place, but that urgent additional action is needed to put the world fully on track for achieving the goals of the Paris Agreement.
- (2) Through the adoption of Regulation (EU) 2021/1119 of the European Parliament and of the Council⁵, the Union has enshrined in legislation a binding objective of economy-wide climate neutrality by 2050, thus reducing emissions to net zero by that date, and the aim of achieving negative emissions thereafter, established a binding Union 2030 intermediate climate target and provided for the setting of a Union-wide intermediate climate target for 2040.
- (3) Taking into account the scientific advice by the European Scientific Advisory Board on Climate Change and based on a detailed Impact Assessment, the Commission presented a recommended target of a 90% net greenhouse gas emission reduction compared to 1990 levels for 2040 in its Communication of 6 February 2024 on

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¹ OJ C , , p. .
² OJ C , , p. .
³ Decision 1/CMA.5.
⁴ OJ L 282, 19.10.2016, p. 4.
⁵ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1119/oj>).

PUBLIC

UTKAST

Securing our future: Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society⁶.

- (4) In order to propose the Union 2040 climate target, the Commission considered the best available and most recent scientific evidence, including the latest reports of the Intergovernmental Panel on Climate Change (IPCC) and the Advisory Board; the social, economic and environmental impacts, including the costs of inaction; the need to ensure a just and socially fair transition for all; cost-effectiveness and economic efficiency; competitiveness of the Union's economy, in particular small and medium-sized enterprises and sectors most exposed to carbon leakage; best available cost-effective, safe and scalable technologies; energy efficiency and the 'energy efficiency first' principle, energy affordability and security of supply; fairness and solidarity between and within Member States; the need to ensure environmental effectiveness and progression over time; the need to **promote maintaining, managing and enhancing** natural sinks in the long term and **protect and restore biodiversity**, including in the marine environment; investment needs and opportunities; international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC); existing information on the projected indicative Union greenhouse gas budget for the 2030-2050 period.
- (5) In order to achieve the 2040 climate target it is essential to, inter alia, fully implement the agreed 2030 framework, ensure and provide support to the competitiveness and resilience of the European industry, **including through circular economy**, ensure transition pathways based on best available cost-effective, safe and scalable technologies, set a greater focus on a just transition that leaves no one behind, ensure fair competition with international partners, decarbonise the energy system with **a technology neutral approach that includes all fossil-free all-zero and low-carbon** energy solutions (including renewables, nuclear, energy efficiency, storage, CCS, CCU, carbon removals, geothermal and hydro-energy, and all other current and future net-zero energy technologies), and organise a strategic dialogue on the post-2030 framework with all relevant sectors. With the Clean Industrial Deal, the EU is putting in place the conditions for a successful transition, focussing on both decarbonisation and industrial renewal, including support mechanisms for European industry, better access to public and private finance, a global level playing field, and clear enabling conditions for the uptake and scaling of clean technologies, in order to strengthen industrial competitiveness and innovation in the EU.
- (6) In light of the 2050 climate-neutrality objective, by 2040 greenhouse gas emissions should be reduced and removals enhanced, to ensure that the net greenhouse gas emissions, that is emissions after deduction of removals, are reduced economy-wide by 90 % by 2040 compared to 1990 levels. **National trajectories and contributions towards the 2040 target shall be designed according to the principle of fostering convergence, ensuring that the EU and its Member States reach the 2050 climate neutrality objective.**
- (7) Priority should be given to domestic reductions in greenhouse gas emissions **and permanent carbon removals**, complementing it by ~~increased~~ **natural** removals, ~~including through both natural and technological solutions.~~ **The land use sector has a central role in a sustainable and circular bioeconomy and has the potential to provide long-term climate benefits. Forests provide a climate benefit as a carbon sink in trees, soil and harvested wood products as well as through substitution of fossil resources.** In the development of the post-2030 policy package, due attention should be paid to the contribution of gross emission reductions versus natural and

Commented [A1]: SE would like to avoid an overreliance on the LULUCF-sector with its inherent uncertainties. Ambition should therefore be to promote the maintaining, managing and enhancing of the natural sink.

Commented [A2]: A realistic plan for EU to realise its long-term target cannot build on a logic where countries that achieve net-zero also have to bear the burden of additional net reductions in order to compensate for other Member States that do not reach climate neutrality by 2050. See further comment under 4 (d).

Commented [A3]: SE argues that it is key to emphasize the land use sectors role to reduce our reliance on fossil resources and contribution to the Bioeconomy. The coming Bioeconomy Strategy, mentioned in the Competitiveness Compass and the Clean Industrial Deal, is explained to drive progress towards the EU's environmental, climate and competitiveness objectives.

technological removals. **Natural removals have large inherent uncertainties, characterised by natural variability as well as significant methodological and monitoring challenges, that should be duly taken into account.** Nature-based and industrial removals play an increasing role in the Union's economy in the next decades, in view of the need to balance greenhouse gas emissions and removals at the latest by 2050 and negative emissions thereafter. Incentives will be developed on the occasion of the review of Directive

⁶ COM(2024) 63 final.

Commented [A4]: SE welcome the wording on uncertainties in article 4(p). However, it is important to further explain in the recital all aspects of the uncertainties including those stemming from the large inter annual variability which is not always a result of climate change as well as the significant methodological and monitoring challenges that lead to huge differences between MS as well as different sets of inventories. These uncertainties must be duly taken into account when developing the post-2030 framework.

Commented [A5]: How does the Commission intend to ensure that adequate incentives for bio-CCS and DACCS are created, so that Member States who are early movers and have already achieved permanent removals before 2030 are not disadvantaged?

2003/87/EC of the European Parliament and of the Council⁷ in 2026, where the Commission envisages to provide for domestic permanent carbon removals in the system for greenhouse gas emission allowance trading within the Union ('EU ETS') to compensate for residual emissions from hard to abate sectors, **ensuring that such removals do not offset necessary emission reductions and recognizing that permanent carbon removals likely will be needed to compensate for residual emissions in hard to abate sectors also outside of the EU ETS.**

- (8) The Union has in place a regulatory framework to achieve the 2030 climate target. The legislation implementing that target consists, inter alia, of Directive 2003/87/EC, which establishes the EU ETS, Regulation (EU) 2018/842 of the European Parliament and of the Council⁸, which introduced national targets for reduction of greenhouse gas emissions by 2030, and Regulation (EU) 2018/841 of the European Parliament and of the Council⁹, which sets net carbon removal targets for the land use sector. The Commission should assess how the relevant Union legislation would need to be amended in order to achieve the 2040 climate target. When designing the future architecture, the Commission should prepare detailed impact assessments, including the impacts on competitiveness and small and medium enterprises, and consider taking necessary measures, including legislative proposals as appropriate. A number of elements to facilitate the achievement of the 2040 target should be appropriately reflected, [including a potential limited contribution towards the 2040 target of high-quality international credits under Article 6 of the Paris Agreement,] **ensuring strong incentives for domestic emission reductions especially for European industry**, in the second part of the 2030-2040 decade, in line with accounting rules of the Paris Agreement **and recalling that the use of Article 6 allows for higher mitigation ambition in accordance with the Paris Agreement**; the role of domestic permanent removals (Biogenic emissions Capture with Carbon Storage (BioCCS) and Direct Air Capture with Carbon Storage (DACCS)) in the EU ETS; enhanced flexibility across sectors. In order to assess the social, economic and environmental impacts, the future architecture should be based on robust impact assessments. The future architecture should also foster convergence while taking into account fairness and Member States' specificities, including those of islands and outermost regions.
- (9) Since the objective of this Regulation, namely to set a Union-wide climate target for 2040, cannot be sufficiently achieved by the Member States but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (10) Regulation (EU) 2021/1119 should therefore be amended accordingly,

Commented [A6]: Sweden welcomes the aim to include incentives only for permanent removals such as bio-CCS and DACCS in the post 2030-architecture in a way that does not undermine necessary emission cuts, as expressed in the Explanatory Memorandum, and agrees that such incentives can be created on the occasion of the review of the ETS-directive in 2026. However, such permanent carbon removals will likely be needed to compensate for residual emissions in hard to abate sectors also outside of the EU ETS.

Commented [A7]: SE not yet ready to finalize its position on the modalities regarding the use of Article 6 credits.

⁷ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: <http://data.europa.eu/eli/dir/2003/87/oj>).

⁸ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26, ELI: <http://data.europa.eu/eli/reg/2018/842/oj>).

⁹ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/841/oj>).

PUBLIC

UTKAST



HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2021/1119

Regulation (EU) 2021/1119 is amended as follows:

(1) in Article 1, second paragraph, the following sentence is added:

‘This Regulation also sets out a binding Union target for 2040.’;

(2) in Article 4, paragraphs 3, 4 and 5 are replaced by the following:

‘3. In order to reach the climate-neutrality objective set out in Article 2(1), the binding Union 2040 climate target shall be a reduction of net greenhouse gas emissions (emissions after deduction of removals) by 90 % compared to 1990 levels by 2040.

4. With a view to the period after 2030, the Commission shall review relevant Union legislation in order to enable the achievement of the target set out in paragraph 3 of this Article and the climate-neutrality objective set out in Article 2(1) and consider taking the necessary measures as appropriate and based on detailed impact assessment, in accordance with the Treaties.

While some enabling policies have already been implemented and their impact is already visible, this is not yet the case for all. The Commission shall aim to accelerate and strengthen the enabling framework to ensure that conditions are in place to support European industry and citizens throughout the transition, in full respect of EU law.

Within the framework of the review referred to in the first subparagraph, in order to facilitate the achievement of the target set out in paragraph 3 of this Article, the Commission shall ensure that the following elements are appropriately reflected in the legislative proposals:

- (a) Starting from 2036, a possible limited contribution towards the 2040 target of high-quality international credits under Article 6 of the Paris Agreement of 3% of 1990 EU net emissions supporting the EU and third countries in achieving net greenhouse gas reduction trajectories compatible with the Paris Agreement objective to hold the increase in the global average temperature to well below 2°C and pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels - the origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law;
- (b) the role of domestic permanent removals under the greenhouse gas emission allowance trading system within the Union (‘EU ETS’) to compensate for residual emissions from hard to abate sectors,
- (c) enhanced flexibility across sectors, to support the achievement of targets in a cost-effective way, **while maintaining incentives for investments in fossil free technology and permanent removals**;
- (d) **the EU emission trading systems as the main policy tool at the center of the framework, with a broadening of scope to include more sectors with fossil emissions, fostering convergence to ensure that EU and its Member States**

Commented [A8]: SE is not yet ready to finalize its position on these modalities until the final stages of the negotiation. We are currently analysing these modalities.

reach net-zero at the latest by 2050 in a cost-effective manner. Member States post-2030 targets and efforts should reflect cost-efficiency and solidarity, in light of national circumstances.

- (e) the best available and most recent scientific evidence, including the latest reports of the IPCC and the Advisory Board;
- (f) the social, economic and environmental impacts;
- (g) the costs of inaction and the benefits of action over mid-term to long-term;
- (h) the need to ensure a just and socially fair transition for all;
- (i) simplification, technology neutrality, cost-effectiveness, economic efficiency, and economic security;
- (j) climate action as a driver for **increased competitiveness**, investment and innovation;
- (k) the need to strengthen the global competitiveness of the Union's economy, in particular small and medium-sized enterprises and industrial sectors most exposed to carbon leakage so as to ensure fair competition;
- (l) best available cost-effective, safe and scalable technologies;
- (m) energy affordability, security of supply, energy efficiency and the 'energy efficiency first' principle;
- (n) fairness and solidarity between and within Member States;
- (o) the need to ensure environmental effectiveness and progression over time;
- (p) the need to **promote maintaining, managing and enhancing** natural sinks in the long term and protect and restore biodiversity, **to promote sustainable and circular bioeconomy**, as well as take into account **inherent** uncertainties notably those linked to the impacts of climate change in the land use sector **and natural variability**;
- (q) investment needs and opportunities, including access to public and private finance;
- (r) international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the UNFCCC, as well as the support of the Union to its partners in addressing climate change and its impacts.

Commented [A9]: A realistic plan for EU to realise its long-term target cannot build on a logic where countries that achieve net-zero also have to bear the burden of additional net reductions in order to compensate for other Member States that do not reach climate neutrality by 2050. Through emissions trading, cost-effective emission reductions can be achieved across sectors, which in itself drives convergence. Therefore the ESR-mechanism should be phased out in the long term.

Commented [A10]: Please see the explanation for the addition under the recital text (4) and (7).

Article 2

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

PUBLIC

UTKAST

SLOVAK REPUBLIC

Comments on the European Climate Law amendment

8 July 2025

Slovakia appreciates the initial discussions held on the revision of the European Climate Law and thanks the European Commission for presenting the proposal. However, we note that the timing of its presentation leaves limited scope for detailed negotiations.

Before Slovakia can consider supporting the proposed target, we need to carefully assess its content and identify any additional provisions required. While we would have preferred a process similar to that used in 2020 for the 2030 climate target, **we acknowledge that, at this stage, the only feasible path is to follow the process established by the Presidency**. Should agreement not be reached at the September Environment Council, **it may be necessary to revisit the matter at the October European Council**.

A key enabling condition for the 2040 target is the full implementation of the Fit for 55 package. The current assessment of National Energy and Climate Plans (NECPs) reveals a significant gap. While the Commission estimates this at only 1%, the actual gap is likely larger, particularly due to shortfalls in the LULUCF (Land Use, Land Use Change and Forestry) sector.

Slovakia welcomes the inclusion of technological neutrality in the proposal, but emphasizes that further clarification and elaboration—potentially in the recitals—would be beneficial. It is crucial that Member States retain the freedom to select their preferred decarbonisation pathways to meet their climate contributions. Therefore, Slovakia does not support the introduction of subtargets for renewable energy or energy efficiency.

Additional detail is also needed concerning the architecture for the post-2030 period, especially regarding the **social dimension of decarbonisation**. Financing remains a critical issue; Slovakia seeks clarity on the continuation of the **Modernisation Fund and the Just Transition Fund**, which are closely linked to the new Multiannual Financial Framework (MFF).

On natural sinks, Slovakia welcomes the Commission's recognition of the challenges, but stresses that the issue extends beyond the impacts of climate change to include factors such as **forest age structure and sustainable forest management**.

Regarding **flexibilities**, Slovakia will need to conduct a thorough assessment, though initial impressions suggest that the current proposals **may not be suitable for our circumstances**.

With respect to the 2040 target, **Slovakia has consistently expressed concerns regarding the feasibility of the proposed 90% reduction**. The target must be not only ambitious, but also realistic and achievable. The latest NECP assessment indicates that we are not on track to meet the 2030 targets under the Fit for 55 package, with a shortfall of approximately three percentage points in net emission reductions, primarily due to the LULUCF sector. This underscores the need for all post-2030 targets to be set in a credible and realistic manner, as backtracking is not an option.

Despite extensive discussions on the 2040 Communication, Slovakia notes that these have not been reflected in tangible outcomes such as Council Conclusions, a revision of the Communication, or a new Impact Assessment. **The target remains a highly sensitive political issue**, particularly in Slovakia, where public support for green policies is limited. Slovakia intends to revisit this topic at a later stage in the negotiations, once a national position has been established.

Regarding the Nationally Determined Contribution (NDC), Slovakia supports the inclusion only of agreed and factual elements. We cannot accept provisions that would prejudge the outcome of ongoing negotiations or future proposals from the Commission. Concerning the 2035 target, even if it remains indicative, it should not be subject to backtracking and this must be kept in mind throughout the process.