



## European Climate Law to be the Lifeline out of Pandemic

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- The pandemic shrunk the EU's economy by 6.1% in 2020.
- The European Climate Law proposes a 55% reduction in net greenhouse gas emissions by 2030, compared to 1990.
- A European scientific advisory board on climate change is established under the European Climate Law.

In the late 2019, the European Union launched the European Green Deal, but the economic landscape changed dramatically with the Covid-19 pandemic. EU's economy shrunk by 6.1% in 2020 and the ITR Committee of the European Parliament suggests a slow recovery in 2021. However, the real GDP is forecasted to reach pre-Covid levels by mid of 2022 and that means slower economic growth for the EU economy in the post-Covid times as well.

Still, the European Commission sees “climate change and environmental degradation” as a threat to Europe and European Green Deal as “a lifeline out of the Covid-19 pandemic.” With this in mind, they are moving ahead with the Green Deal which has following objectives:

- Reduce emissions and make Europe the first climate neutral continent by 2050.
- Address energy poverty.
- Reduce external energy dependence

- Improve people's health and the quality of life while leaving no one behind.

Furthermore, the Green Deal set goals and the European Climate Law will write those into law and make them legally binding. The objectives of the law are to:

- Establish the direction for the EU to meet the 2050 climate-neutrality objective.
- Create a system for monitoring progress, to take further action as needed.
- Provide predictability for economic investment.
- Ensure that the transition to climate neutrality is irreversible.

## Key points in the European Climate Law

- Climate neutrality by 2050 and achieve negative carbon emissions after 2050.
- Reduction in net greenhouse gas emissions by at-least 55% by 2030 compared to 1990.
- In an attempt to push for adequate measures to reduce and prevent emissions until 2030, the Climate Law has set a limit of 225 Mt of CO<sub>2</sub> equivalent to the contribution of removal of targets.
- Increase the natural carbon sink by 2030, from the current 268 Mt to 310 Mt.
- A process for setting an intermediate climate target for 2040 will also be proposed by the Commission at least with in the first 6 months following the first worldwide stock take held under the Paris Agreement.
- A greenhouse gas budget for 2030-2050 will be published by the Commission.
- From September 2023 onwards, every five years the Commission will ascertain the consistency of the measures in attaining the objectives and set the 2030-2050 trajectory.
- If actions of member states are inconsistent with the EU's climate neutrality objective, then the Commission is authorized to issue recommendations and member states are obliged to make changes or offer an explanation if they failed to do so.
- Establish an independent European Scientific Advisory Board that will provide scientific advice, publish reports on EU measures, climate targets, indicative greenhouse gas budgets and their coherence with the EU climate law and international commitments of EU under the Paris Agreement.
- Engage with different sectors of economy to prepare sector specific roadmaps.
- Stronger coherence on climate policies of EU members.
- With regards to monitoring the progress on roadmaps, dialogue at EU level will be facilitated by the Commission while at the same time, sharing best practices among relevant stakeholders.

## Background of the climate law

In December 2019, the European Council, in coherence with the objectives of Paris Agreement, set the objective of a climate neutral EU. It also acknowledged the importance of erecting an enabling framework that assists all member states, giving support and making investments to realize a cost efficient, social balanced, fair transition.

In March 2020, the proposal for a climate law was adopted by the Commission.

On September 17, 2020, an amended version of initial proposal was adopted by the Commission to include revised EU emissions reduction target by at least 55% by 2030.

In December 2020, a binding EU goal of reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels was endorsed by the Commission.

On April 21, 2021, a provisional agreement was reached between the Council and the European Parliament.

Following the recent adoption of the European Climate Law by the European Parliament, it will be published in the journal before coming into force.

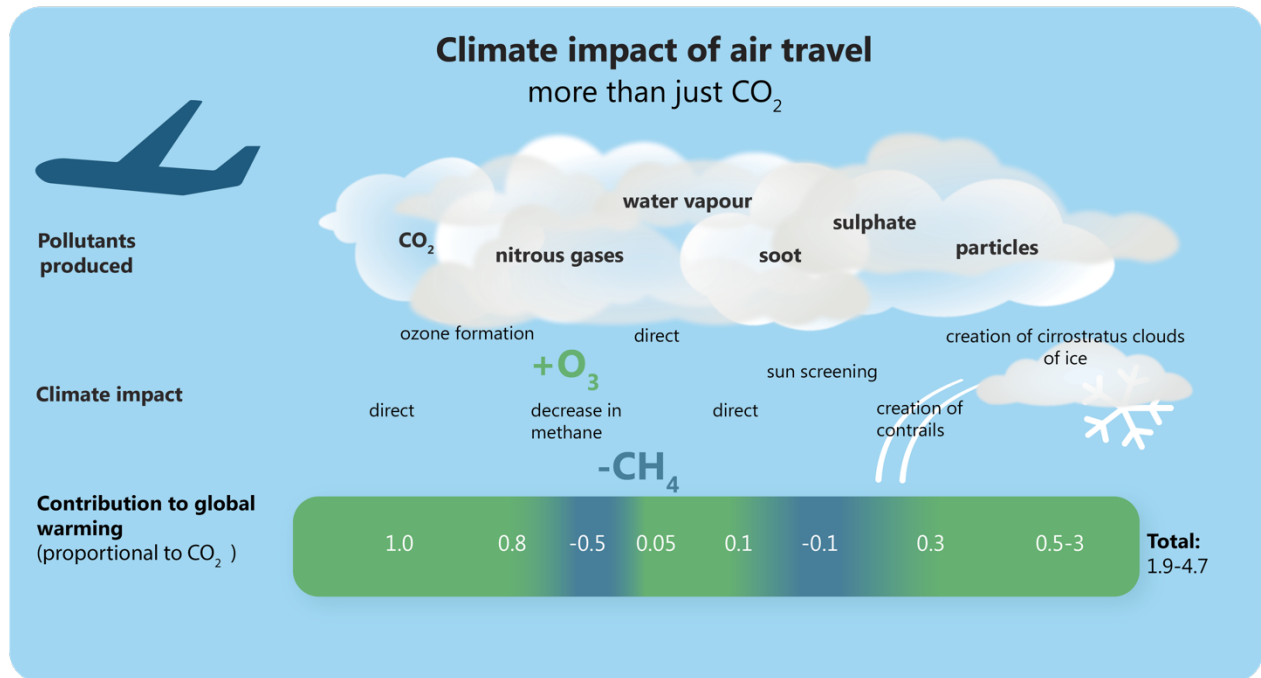


Figure 1: Climate impact of air travel

Source: IPCC (2007)

## Looking Ahead

The revised EU Green Deal, under the Climate Law, will be financed with one third of the 1.8 trillion European budget. It is not only seen as a lifeline out of pandemic but a way to transform EU's economy into a "modern, resource-efficient and competitive economy." As far as the stakeholders are concerned, aviation industry specifically is criticizing it and objecting to new taxes imposed on them for the usage of carbon intensive fuels. Although, it is important to note that there are no green alternatives available in the aviation industry for carbon intensive fuels as of now.

The EU consists of 27 individual member states, although, all have signed and committed to the Green Deal, it remains to be seen how they will achieve the goals. However, in all scenarios a member state's own laws and regulations carry supersede laws passed on the regional level in case there is contradiction unless they are also passed by a member state's own legislature as well.

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