What should the ESD look like?
The German perspective

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The Effort Sharing Decision Post-2020: How to ensure the EU’s largest climate instrument is fit for purpose?

Brussels, 1 June 2016
Target-setting

- Formula set by the European Council, based on current rules (GDP/capita)
- GDP/capita > EU average: GDP/capita + cost-efficiency
- Starting point as important for climate ambition as end point. Thus: use real emissions, capped by 2020 target
• LULUCF plays an important role in climate action, in particular in order to reach GHG neutrality
• Important: set incentives for climate action in LULUCF
• At the same time: preserve targets and ambition levels in other sectors
• This double objective can basically be reached in all three options to integrate LULUCF into 2030 framework (separate pillar, AFOLU pillar,
• Current flexibilities yet unproven due to oversupply (banking, borrowing, trade) – but should work in principle.

• Problem: trade unlikely to occur under scarcity post-2020

• Idea: possibility to finance GHG reduction projects in other MS and count resulting mitigation towards own target → “European Project Mechanism”?
  • Create a win-win situation and make the ESD more attractive.
  • No environmental risk.
Reflecting Paris

- Paris Agreement requires five-yearly regular stock-take and NDC review, starting in 2018-2020
- EU must actively participate in this process and keep all options open, including to raise ambition by 2020
- Need to reflect PA in 2030 legislation, including ESD
- Most solid: Requirement to review 2030 target in 2019, but other options possible
Thank you for your kind attention!

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Ecologic on ESD reform: http://ecologic.eu/13650
Ecologic on flexibility: http://ecologic.eu/12247
Ecologic on ESD auctioning: http://ecologic.eu/13133
Öko-Institut on target-setting: http://www.oeko.de/publikationen/p-details/eu-effort-sharing-for-the-2021-2030-period/