European Economic and Social Committee

NAT/952
European Climate Law Amendment

OPINION

Section for Agriculture, Rural Development and the Environment

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality
(COM(2025) 524 final)

Rapporteur: **Teppo SÄKKINEN**

Contact	nat@eesc.europa.eu
Administrators	Caroline VERHELST, Gaizka MALO
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Legal basis	Articles 192(1) and 304 of the Treaty on the Functioning of the European Union
European Commission documents	COM(2025) 524 final
Relevant Sustainable Development Goals (SDGs)	SDG 13 – Climate action
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	8/9/2025
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1. RECOMMENDATIONS

1.1 The European Economic and Social Committee welcomes the anticipated Climate Law Amendment, which proposes a binding 2040 climate target of reducing net greenhouse gas emissions by 90% compared to 1990. The EESC reaffirms its support for a climate target of a 90% net emissions reduction by 2040, as this is in line with the science on Europe's fair share of the efforts to meet the 1.5 degree goal[1]. As the fastest-warming continent, decisive global climate action is in Europe's own interest.

1.2 The EESC supports the approach chosen by the Commission to include guidelines on enabling policies in Article 1 of the Climate Law Amendment, as this aligns with the EESC's previous call for enabling policies to ensure the competitiveness of European industries and a just transition and for all zero- and low-carbon technologies to be used cost-effectively as the only way to achieve the demanding 90% target.

1.3 To maximise Europe's diplomatic leverage ahead of COP30 and avoid further erosion of credibility, the EESC calls on the Council and the Parliament to agree on the 2040 climate target and accompanying NDC by September and early October respectively at the latest. This timeline would enable the EU to engage meaningfully with its international partners and other major emitters and shape global ambition from a position of leadership.

1.4 The EESC believes that reducing emissions in the EU should be the main priority of climate action, reflecting the highest possible level of ambition. The EESC recognises that international credits could provide necessary flexibility for reaching the 2040 target. Their use should be strictly conditional on the high integrity of the credits, and based on EU law and the Paris Agreement Crediting Mechanism, in order to take into account justified concerns about integrity and avoid substituting for domestic climate action or causing social or environmental harm. Credits should also align with other EU external and domestic policies. The EESC recommends establishing an EU-wide entity to procure, monitor and ensure the quality of the credits. International credits should be excluded from use for compliance with the ETS.

1.5 The EESC notes that future enlargement of the EU is likely to fall within the timeframe of the 2040 target. The EESC calls for the Commission to clarify the impact of enlargement on the 2040 climate target, including how the baseline year 1990 and the 90% target are to be calculated in the event of a larger EU. The EESC also calls on the Commission to deepen the support provided to the candidate countries to adjust to EU climate and energy policies in advance.

1.6 The EESC proposes that international credits generated in EU candidate countries be prioritised. As these countries are likely to be future Member States, the projects involved are likely to contribute directly to EU climate targets. To recognise this potential and the timeline of enlargement, the EESC proposes allowing international credits from candidate countries to be counted towards the 2040 target from 2031 onwards.

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1 OJ C, C/2024/4667, 9.8.2024, ELI: http://data.europa.eu/eli/C/2024/4667/oj.

1.7 To support the formation of the 2040 policy framework, the EESC asks the Commission to provide a synthesis impact assessment focusing on the 90% target, including on the impact of using international credits.

1.8 To steer a pathway to climate targets that builds European competitiveness and provides high-quality jobs, the EESC recommends including the export of clean technologies in the Climate Law Amendment and establishing a Clean Industrial Scoreboard that would track employment, innovation, and export growth in net-zero sectors to guide EU competitiveness checks and prioritise export-oriented decarbonisation pathways.

1.9 As the European agri-food sector is particularly impacted by climate change while challenged by global competition with lower environmental standards, the EESC proposes that food security be included in the Climate Law Amendment amongst the elements to consider in the subsequent legislative proposals. The EESC highlights that farmers and forest owners have a unique role to play as custodians of land-based carbon sinks. Sustainable practices in agriculture contribute to reducing emissions and strengthening resilience, while promoting the conservation of natural resources, biodiversity and healthy ecosystems and generating a positive impact both on production and quality of life of rural communities.

1.10 Recognising the urgency of strengthening European defence and security, the EESC encourages the Commission to identify and promote dual-use technological solutions that serve both defence and climate objectives, including clean energy for critical infrastructure, decentralised clean power for military logistics, and low-carbon materials for equipment and construction. These synergies should be embedded in both climate and industrial strategies.

2. EXPLANATORY NOTES

2.1 The European Economic and Social Committee was the first European body to adopt a stance on the 2040 climate target back in 2024. The EESC reaffirms the positions taken in the NAT/931[2] opinion, including its support for a climate target of 90% by 2040. According to the advice of the European Scientific Advisory Board on Climate Change (ESABCC), pursuing a 90-95% net domestic emissions reduction by 2040 ‘puts the EU on a feasible and credible path towards climate neutrality’[3].

2.2 As in the NAT/931 opinion, the EESC emphasises that the target is demanding and can only be achieved if enabling policies are in place to ensure the competitiveness of European industries and a just transition, and by utilising all zero- and low-carbon technologies cost-effectively. Furthermore, geopolitical turbulence in the past year has heightened the need to strengthen Europe’s defence and security. Phasing out fossil fuel import dependency is also a matter of security for Europe.

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2 OJ C, C/2024/4667, 9.8.2024, ELI: http://data.europa.eu/eli/C/2024/4667/oj.

3 ESABCC 2025, *Staying the course on climate action essential to EU security and competitiveness*, https://climate-advisory-board.europa.eu/news/staying-the-course-on-climate-action-essential-to-eu-security-and-competitiveness.

2.3 An ambitious 2040 target builds on achieving at least a 55% net emissions reduction by 2030. The EESC welcomes the European Commission's recent assessment[4] that Member States have nearly closed the gap in terms of achieving the 2030 energy and climate targets in the National Energy and Climate Plans (NECPs). The EESC calls for a continued focus on implementing the Fit for 55 legislation and supporting European businesses and households in adapting to the new regulatory environment.

2.4 The Commission provided impact assessments for the 2040 climate target in the 2024 Communication. The proposed 90% target falls between two optional ranges covered in the assessment: 85-90% and 90-95%. To support the formation of the 2040 policy framework, the EESC asks the Commission to provide a synthesis assessment focusing on the 90% target, including on the impact of using international credits.

2.5 The EESC outlined broader policy concerns and proposals regarding the 2040 climate target in the NAT/931 opinion. Building on that, this opinion will focus on the proposed Climate Law Amendment and additional considerations that have arisen since the previous opinion was adopted.

The 2040 target and global climate policy

2.6 In its July 2025 plenary, the EESC underlined the connection between climate, peace and security, calling on the EU to position itself as a credible and resilient leader in global climate diplomacy (REX/599). As the EU accounts for only 6% of global emissions, mitigating climate change to 1.5 degrees requires engaging with other major emitters in addition to robust domestic climate action.

2.7 The 2040 target forms the basis for the EU's new Nationally Determined Contribution (NDC), which should be submitted in September at the latest in time for COP30 in Brazil. The EESC urges the Council and the Parliament to proceed swiftly with the adoption of the 2040 target and the related NDC, including an indicative target for 2035. Failure to submit an NDC has already hurt Europe's standing in global climate negotiations and diminished its ability to pressure other major economies into adopting ambitious NDCs.

2.8 The global climate diplomacy landscape is increasingly challenging, particularly with the withdrawal of the United States from the Paris Agreement for the second time. However, there have been positive developments as well. The EESC particularly notes the International Maritime Organization's (IMO) landmark agreement on net-zero regulations for global shipping, effectively creating a first ever global carbon price[5].

4 https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1337.

5 https://www.imo.org/en/MediaCentre/PressBriefings/pages/IMO-approves-netzero-regulations.aspx.

2.9 China is the world's largest emitter, and its cumulative historical emissions overtook the EU in 2023[6]. However, China's emissions may have peaked in 2025 due to its significant deployment of clean energy[7]. This could also herald the peaking of global emissions during the 2020s, as projected by the International Energy Agency in 2023[8]. However, new drivers of energy consumption, such as data centres and AI may also hinder this development if based on fossil energy production. China plans to submit an economy-wide NDC that includes all greenhouse gases.

2.10 While China is an economic competitor and a systemic rival for the EU, in climate change mitigation China is a necessary partner for cooperation. The EU and China could operate as 'twin engines'[9] of international climate governance and decarbonisation, standing in for the US-China climate cooperation that was critical for the formation of the Paris Agreement. At the same time, de-risking from the excessive dependence on China for technologies, components and critical raw materials remains a strategic priority for Europe. The EU should use the establishment of a strong 2040 climate target as leverage to encourage a comparably ambitious target from China.

2.11 Possible use of Paris Agreement Article 6 as a limited part of the EU 2040 climate target could provide a platform for enhanced North-South climate cooperation in addition to climate finance. The withdrawal of the United States from multilateral and bilateral cooperation on climate and energy should not leave China as the sole available partner for developing countries in the clean energy transition.

EU enlargement and the 2040 climate target

2.12 The EESC notes that future enlargement of the EU is likely to fall within the timeframe of the 2040 target. Inclusion of new Member States will increase total EU emissions, but also make it possible to drive the transformation of their energy and industry sectors by incorporating them into the EU climate policy architecture. Thus, EU enlargement can serve as a powerful tool for advancing climate action. New member countries can also contribute to the decarbonisation of the whole EU by bringing in access to natural resources, industrial capacity and energy expertise. At the same time, candidate countries may struggle to align with EU climate and energy policies, such as the Emissions Trading System.

2.13 The candidate countries currently engaged in association talks, the Western Balkans, Ukraine and Moldova amount to 10-15% of total EU emissions. As emissions have remained stable in many of the candidate countries, this may increase as the EU emissions continue to decrease. Ukraine is impacted severely by the ongoing brutal war of aggression by Russia. The EESC underlines that lack of progress on emissions in future Member States will also impact the EU's ability to

6 Carbon Brief 2024, *Analysis: China's emissions have now caused more global warming than EU*, https://www.carbonbrief.org/analysis-chinas-emissions-have-now-caused-more-global-warming-than-eu/.

7 Carbon Brief 2025, https://www.carbonbrief.org/analysis-clean-energy-just-put-chinas-co2-emissions-into-reverse-for-first-time/.

8 International Energy Agency 2023, World Energy Outlook 2023, https://www.iea.org/reports/world-energy-outlook-2023.

9 IEEP, CGTN Europe 2025, *Powering the Twin Engines: Navigating China-EU Climate Cooperation*, https://ieep.eu/wp-content/uploads/2025/06/Powering-the-Twin-Engines-Navigating-China-EU-Climate-Cooperation-2025.pdf.

reach its climate targets, particularly for 2040 and 2050, and its NDCs. Therefore, supporting the decarbonisation of the candidate countries is in the interests of the EU.

2.14 The EESC calls for the Commission to clarify the impact of enlargement on the 2040 climate target, including how the baseline year 1990 and the 90% target are to be calculated in the event of a larger EU. The EESC also calls on the Commission to deepen the support for candidate countries in adjusting to EU climate and energy policies in advance. Possible use of international credits as part of the 2040 climate target could be an effective way of supporting candidate countries while contributing directly to the EU's NDCs and climate targets.

International credits as part of the 2040 target and EU climate policy

2.15 In the Climate Law Amendment, the Commission proposes that starting from 2036, a possible limited contribution of high-quality international carbon credits under Article 6 of the Paris Agreement of up to 3% of 1990 EU net emissions could be counted towards the 2040 target. Article 6 allows parties to cooperate and trade in emissions reductions and removals. Outstanding rules and guidelines for Article 6 were finally adopted in 2024 at COP29 in Baku.

2.16 While it was possible to use international credits within the European Emissions Trading System (ETS) until 2020, the current EU climate policy framework does not allow international credits to be used for meeting the EU climate target. However, some EU Member States plan to use Article 6 to reach their domestic climate targets which extend beyond EU obligations.

2.17 International cooperation and Article 6 can open the door to scaling up climate action and ambition by allowing parties to support mitigation projects where the highest climate impact can be achieved with the lowest costs. Article 6 can also provide a platform for enhanced North-South climate cooperation and support sustainable development objectives. According to the UN Environmental Programme, 60 countries have already signed bilateral agreements planning to use Article 6 either as funders or hosts of mitigation outcomes[10].

2.18 The EESC recognises that a limited use of international credits could provide necessary flexibility for reaching the demanding 90% target. However, there are significant concerns about the integrity of credits issued under Article 6. Projects funded by carbon credits have been criticised for the lack of transparency, additionality and involvement of local people. The EESC notes that the European Scientific Advisory Board for Climate Change (ESABCC) has advised[11] against using international credits in working towards the 2040 target as they risk diverting resources from domestic investments and could undermine environmental integrity.

2.19 The EESC therefore considers it necessary that the Commission plan to regulate the origin and quality criteria and other conditions concerning the acquisition and use of international carbon credits in EU law. It is essential that the use of international carbon credits be closely monitored

10 https://unepccc.org/article-6-pipeline/.

11 https://climate-advisory-board.europa.eu/news/staying-the-course-on-climate-action-essential-to-eu-security-and-competitiveness.

to ensure that the established legal preconditions are met. The use of credits should be based on a thorough impact assessment.

2.20 The EESC recommends that any inclusion of international credits in the EU climate architecture be strictly conditional on high integrity of the credits. The conditions should be developed in cooperation with the ESABCC and the Article 6.4 Supervisory Body, building on the Paris Agreement Crediting Mechanism (PACM). To enhance transparency and avoid undermining domestic ambition, such credits must not replace domestic efforts in sectors with cost-effective decarbonisation options and should only be accepted from projects with demonstrable additionality and social and environmental safeguards.

2.21 In addition to integrity conditions, the use of international credits should align with other external and domestic EU policy goals, including in relation to the type and content of projects and their host countries. Projects that would directly fund strategic competitors to European industries should be avoided. The projects should also aim for co-benefits in sustainable development, such as eradication of energy poverty, and seek to promote the use and export of European clean technologies and climate solutions.

2.22 The choice of host countries for Article 6 projects can serve to deepen the EU's external partnerships. To achieve policy synergies and increase impact, projects in host countries with links to initiatives such as the Clean Trade and Investment Partnerships, the Just Energy Transition Partnerships, EU neighbourhood policy, and support to Least Developed Countries could be prioritised. As the Commission notes, use of international credits should be linked to raising the ambition of the host countries' NDCs.

2.23 The EESC particularly encourages the exploration of Article 6 cooperation with EU candidate countries, as this would support their EU membership path and be likely to directly contribute to the EU's NDCs and climate targets. Therefore, international credits generated in candidate countries are less likely to substitute domestic EU climate action. To recognise this potential and the timeline of enlargement, the EESC proposes to allow international credits generated in candidate countries to be counted towards the 2040 target from 2031 onwards. These credits should have the same high quality standards as other allowed credits. To facilitate a systemic transformation and alignment with EU climate and energy policies, policy crediting should be considered as an option[12].

2.24 An EU-wide body or platform could pool demand, increase the climate impact and co-benefits of projects, and monitor and ensure the quality of projects in comparison to projects procured by individual Member States. The EESC recommends benchmarking international examples, such as Japan's Joint Crediting Mechanism (JCM) or Switzerland's Klik Foundation, and consider establishing a similar EU-wide entity.

2.25 There are several ways to accommodate international cooperation in the EU climate policy framework, such as by sector (ETS, ESR and LULUCF) and by actor (the Commission, Member

12 Perspectives Climate Group 2025, *Methodologies for policy crediting under the Paris Agreement Crediting Mechanism*, https://perspectives.cc/publication/methodologies-for-policy-crediting-under-the-paris-agreement-crediting-mechanism/.

State or companies). The EESC agrees with the Commission proposal, which states that such international credits should not be used towards compliance with the ETS. International credits should therefore be mainly used by the Member States, with support from the Commission.

2.26 The Emissions Trading System (ETS) is the EU's most important tool for driving emissions reductions and achieving the 2030 and 2040 climate targets. A predictable carbon price is crucial for making the business case for decarbonisation investments. Therefore, the EESC underlines the need to safeguard the integrity of the system and cautions against reintroducing international credits into the ETS, as they could well disturb the market. A better way to improve the ETS would be to link robust domestic carbon removals with the ETS system.

Role of removals and flexibilities

2.27 The EESC emphasises actual emissions reductions achieved by phasing out fossil fuels. While carbon removals play an increasing role in meeting EU climate targets as decarbonisation proceeds, over-reliance on land-based and industrial sinks entails uncertainties and risks of lock-in to fossil dependency or loss of sinks due to forest fires, pests and other hazards. Removals have an important complementary role. While flexibilities between sectors can help steer a cost-efficient pathway to climate targets, they should prioritise emissions reductions.

2.28 In the NAT/931 opinion, the EESC asked the Commission to make a scientific and economic assessment of the balance between reductions and removals. Recent modelling by the ESABCC and the JRC[13] suggests considerable uncertainty in the projected capacity of land-based sinks beyond 2030 due to increasing climate vulnerability. The EESC therefore suggests a precautionary yardstick on the share of land-based carbon removals in the 2040 target, for example not exceeding 5% of the overall effort. This would ensure priority is given to direct emissions reductions, while still underlining the need to maintain and manage carbon sinks.

2.29 The EESC highlights that farmers and forest owners have a unique role to play as custodians of land-based carbon sinks, being able to both increase the outtake of carbon from the atmosphere and provide biomass to substitute fossil materials. The Carbon Removals and Carbon Farming (CRCF) Framework should be urgently implemented to incentivise these practices. Nature-based solutions from agroforestry to wetlands and urban greenery can also provide co-benefits in relation to both adaptation and biodiversity.

2.30 The EESC underlines that food security must remain at the centre of climate and agricultural policy, particularly as the impacts of climate change endanger food production throughout the globe. The EESC reiterates its call in NAT/931 to establish an indicative emissions reduction target for the agri-food sector in close dialogue with farmers and other stakeholders.

2.31 The EESC supports the inclusion of robust industrial carbon removals in the ETS, as proposed by the Commission. The EESC notes that according to the impact assessment, residual emissions

13 ESABCC 2025 https://climate-advisory-board.europa.eu/reports-and-publications/2025-02-21-scaling-up-carbon-dioxide-removals-recommendations-for-navigating-opportunities-and-risks-in-the-eu.pdf/@@download/file; JRC 2025 https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/european-forest-carbon-sink-declining-can-we-reverse-trend-2025-07-30_en.

remain in the ETS sector even in the most ambitious scenarios. Therefore, the inclusion of permanent removals, mainly by means of the BECCS and DACCS technologies, can help to manage the liquidity of the declining market, balance hard-to-abate emissions and provide incentives for scaling up carbon capture.

Enabling policies for the 2040 climate target

2.32 A demanding climate target must be coupled with enabling policies to ensure European competitiveness, a just transition and the use of all zero- and low-carbon technologies cost-effectively. Therefore, the EESC welcomes the approach of the Commission to include guidelines for upcoming legislative proposals in the Climate Law Amendment. Overall, they reflect the economic, social and environmental considerations necessary to achieve the EU climate targets. These guidelines must direct the preparation of the post-2030 climate policy architecture, including thorough impact assessments, and focus on implementation.

2.33 The EESC welcomes the renewed focus on Europe's competitiveness in the Clean Industrial Deal. In its NAT/931 opinion, the EESC called on the Commission to expand the competitiveness check to other major economies, including their climate, energy and industrial policies and economic indicators. In the light of the recent developments in the US, including the dismantling of the IRA clean energy and industry subsidies, the EU could position itself as the main destination for investments in the manufacturing of clean technologies and materials. Europe should also seek to systematically increase the exports of its clean tech sector, which have grown faster than US exports but lag behind China, as stated in the *Communication on Delivering on the Clean Industrial Deal*[14]. A Clean Industrial Scoreboard could be established to track employment, innovation, and export growth in net-zero sectors.

2.34 Upholding a vibrant European industrial base is a key part of open strategic autonomy and a foundation for the manufacturing of clean technologies and materials. According to an analysis of Eurostat data[15], EU countries lost over 850 000 industrial jobs from 2019 to 2023. The EESC underlines the need to safeguard against carbon leakage and promote a level playing field through multilateral agreements, trade negotiations and EU policies.

2.35 The EESC recognises the urgent need to strengthen European defence, security and preparedness while striving towards our climate targets. According to Bruegel[16], several synergies between climate and defence can be found, for example, in the fields of clean energy, innovation, the just transition and preparedness. The EESC calls on the Commission to actively identify and promote potential ways in which the necessary focus on defence and the defence industry can also contribute to the climate targets. Furthermore, decisive action on mitigation and adaptation is also a vital part of European security and preparedness. According to the impact assessment, the efforts

14 European Commission 2025, COM(2025) 378; https://commission.europa.eu/document/download/ae2ea9ea-d037-4920-bbf6-a4183b747e34_en?filename=COM_2025_378_1_EN_ACT_part1_v5.pdf.

15 ETUC 2024: EU loses almost a million manufacturing jobs in just 4 years https://www.etuc.org/en/pressrelease/eu-loses-almost-million-manufacturing-jobs-just-4-years.

16 Bruegel 2025, https://www.bruegel.org/analysis/defence-and-climate-seven-points-common-agenda.

to achieve the 90% decrease in emissions could slash the EU's dependency on energy imports from over 55% to 25%, contributing to the ongoing efforts to phase out Russian energy imports.

3. PROPOSED AMENDMENTS TO THE LEGISLATIVE PROPOSAL OF THE EUROPEAN COMMISSION

Amendment 1
linked to recommendation 1.4

Text proposed by the European Commission	EESC amendment
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 preindustrial levels - the origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law;	Starting from 2036, ***and from 2031 for credits originating from EU candidate countries in active association negotiations,*** a possible limited contribution***, excluding the use for compliance in the EU ETS,*** 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 preindustrial levels - the origin, quality criteria, monitoring, reporting, transparency and liability tools, and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law;

Reason
Stated in chapters 'EU enlargement and the 2040 climate target' and 'International credits as part of the 2040 target and EU climate policy'.

Amendment 2
linked to recommendation 1.8

Text proposed by the European Commission	EESC amendment
j) climate action as a driver for investment ***and*** innovation;	j) climate action as a driver for investment**,** innovation ***and exports of clean technologies and solutions****;*

Reason
Stated in chapter 'Enabling policies for the 2040 climate target'.

Amendment 3
linked to recommendation 1.9

Text proposed by the European Commission	EESC amendment
add new point (x) to Article 1, paragraph 5	***(x) ensuring food security;***

Reason
Stated in chapter ‘Role of removals and flexibilities’.

Brussels, 8 September 2025.

The president of the Section for Agriculture, Rural Development and the Environment
Peter SCHMIDT