Council of the European Union

PRESS
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BACKGROUND[1]
DRAFT Brussels, 14 June 2017

ENVIRONMENT Council
Luxembourg, 19 June 2017

Chair: **Dr Jose A. Herrera**, Minister for Sustainable Development, the Environment and Climate Change of Malta

European Commission representatives: Commissioners **Karmenu Vella, M. Ángel Arias Cañete**

Starting time: 10:00

As the main point of this Environment Council meeting, EU ministers will look at the progress achieved and hold a political debate on the two legislative proposals to cut greenhouse gas emissions in sectors not covered by the ETS: the **effort-sharing** regulation and the regulation on land-use, land-use change and forestry (**LULUCF**).

Together with the revision of the emission trading system (ETS), these two pieces of legislation aim at cutting emissions by at least 40% by 2030 (compared to 1990 levels), which is also the EU's commitment to the Paris Agreement on **climate change.**

The effort-sharing regulation covers sectors such as **transport and buildings** and sets emission reduction targets for each member state. The LULUCF regulation covers contributions to the emission reduction targets in the **land use and forestry** sector.

Environment ministers will also discuss in public session the recent developments in climate change following the US administration's announcement of withdrawal from the **Paris Agreement**. They will restate in unison the **commitment of the EU and its member states** to the Paris agreement and the process for its full implementation.

Ministers will aim to adopt conclusions on the **"EU Action Plan for nature, people and the economy"**. The aim of this plan is to improve and boost the implementation of the Nature Directives to their full potential.

Ministers will welcome during lunch Erik Solheim, Executive Director of the UN Environment Programme to prepare for the **UN Environment Assembly** to be held in Nairobi this December.

Under any other business, the Council will also be briefed on the latest developments as regards the legislative proposals on **waste** (circular economy). Ministers will also be informed about several recent international meetings, including the Triple Conference of the Parties to the **Basel** (COP 13), **Rotterdam** (COP 8) and **Stockholm** (COP 8) Conventions, the outcome of the **Ocean Conference** and ratification process of the **Kigali Amendment** to the Montreal Protocol. Finally, the incoming **Estonian presidency** will present its work programme for the second semester of 2017.

Press conference: +/- 17:00 (time to be confirmed)

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https://tvnewsroom.consilium.europa.eu/permalink/95026

1 This note has been drawn up under the responsibility of the press office.

CLIMATE CHANGE

Paris Agreement

The Council will also discuss in public session the recent developments in climate change following the US administration's announcement to withdraw from the **Paris Agreement**.

The announced pull-out from the Paris Agreement by the US Administration has several implications, not least in relation to the political momentum required for the implementation of the Agreement. While these implications are still being studied, EU Environment and Climate Ministers are expected to reaffirm their strong commitment to the full and swift implementation of the Paris Agreement.

The **Paris Agreement** is a global, legally-binding instrument adopted by 195 countries in Paris on 12 December 2015, during the UN climate change conference widely known as COP21. The agreement sets out the framework for global action on climate change.

The EU ratified the Agreement on 5 October 2016. The Agreement **entered into force on 4 November 2016**, after reaching the required threshold of at least 55 Party ratifications accounting for at least an estimated 55 % of the total global greenhouse gas emissions.

The first session of the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA 1) took place side by side COP22 in Marrakech, Morocco from 15-18 November 2016. **The next Climate Change Conference (COP 23)** will take place in Bonn from 6 to 17 November 2017.

Its main elements are:

- It aims to keep the increase in global average temperature to **well below 2°C** above pre-industrial levels and pursue efforts to limit it to **1.5°C.**
- Countries shall submit comprehensive **national climate action plans** to reduce their emissions. These so-called nationally determined contributions (NDCs) are to be communicated **every five years**, to allow for a gradual increase in ambition.
- It also aims at increasing countries' ability to deal with climate impacts (**adaptation**) and to recover from them (**loss and damage**).
- To ensure **transparency** and oversight, the parties to the agreement agree to report on their progress in implementing their targets.
- Developed countries commit to continue providing **climate finance** to assist developing countries, both to reduce emissions and to build resilience to climate change impacts, and other countries are also encouraged to provide or continue to provide support.

Paris Agreement

UNFCCC website - information about Paris Agreement and COP23 Bonn

EU position

The EU has taken a proactive stance in committing themselves to the Paris Agreement since the start of the process. The binding target set for the EU is the reduction of emissions by at least 40% by 2030 compared to 1990. This was submitted in March 2015 as the Intended nationally determined contribution of the EU and its Member States to the Paris Agreement.

Timeline - A new global climate change agreement (gen. information and EU steps)

Council statement on the ratification of the Paris Agreement - June 2016

Intended nationally determined contribution to the Paris Agreement

Non ETS sectors: Effort-sharing and LULUCF

Ministers will look at the progress achieved on the two legislative proposals to cut greenhouse gas emissions in sectors not covered by the ETS: the **effort-sharing** regulation and the regulation on land-use, land-use change and forestry (**LULUCF**). The presidency will present its **progress report** on these files.

Together with the revision of the emission trading system (ETS), these two pieces of legislation are intended to deliver on the EU's commitment to the Paris Agreement on **climate change.** They will contribute to reducing greenhouse gas emissions by at least 40% by 2030 compared to 1990 levels. Specifically, the reductions in the non-ETS sectors should amount to 30% by 2030 compared to 2005.

Ministers are expected to have a **political debate** on these files and provide guidance on how to move towards an agreement in the Council. In particular, they are expected to focus the discussion on an additional **safety reserve** proposed by the Presidency within the effort-sharing regulation and the setting of **national forest reference levels** in the LULUCF regulation.

Non-ETS sectors - Progress report (9861/17)

Effort-sharing regulation

The **effort sharing regulation** (ESR) addresses emissions from those sectors not covered by the EU ETS. These include buildings, agriculture (non-CO2 emissions), waste management and transport. They accounted for almost 60% of total EU emissions in 2014. The regulation sets annual emission reduction targets for each member state for the period 2021–2030. Member States will decide what measures to take in order to achieve the targets.

Progress report

The Presidency underlines that delegations generally support the proposed national greenhouse gas emissions reduction targets for 2030. However, further work is still required on the following key elements of the proposal:

- The definition of the **starting point of the linear reduction trajectory**
- **Existing flexibilities** to Member States to achieve their annual limits and **"new" ones** including the one-off flexibility and the LULUCF flexibility
- The **adjustment to the allocation for Member States** which were allowed to increase emissions in 2020 compared to 2005

The Presidency has recently proposed an additional flexibility, in the form of a **safety reserve**, which would be available at the end of the 2021-2030 period in case of real need of individual Member States. In the Presidency's view, this reserve could **pave the way to solve many outstanding issues,** for instance the concerns of those Member States who have done early efforts, and lead to a balanced compromise text. The reserve does not modify the main elements of the initial proposal and its use would not hinder the achievement of the EU's 2030 target in the non-ETS sectors.

Regarding the proposed safety reserve, important issues under discussion include its total amount, the availability of the reserve and level of access to it for Member States, as well as its impact on transfers between them.

Main elements of the Commission proposal

- Targets:

The overall target in these sectors is to reduce emissions by 30% by 2030 compared to 2005. All member states must contribute with **national targets ranging from 0% to 40%.** Targets are based on relative GDP per capita. For countries with a GDP per capita above the EU average, national targets are further adjusted to reflect cost-effectiveness.

- Reduction trajectory and starting point:

The annual emission levels will be determined based on a **decreasing linear trajectory**. The starting point is set as the average emissions for 2016-2018 because this will be the most recent reviewed emission data available in 2020. For lower income member states that are allowed (under the current effort-sharing regulation) to increase their emissions until 2020, the sum of the allowed increases between 2017 and 2020 are added to their starting point.

- Flexibilities:

The proposal incorporates the **existing flexibilities** in the current effort-sharing regulation (banking and borrowing of annual emission allocations from one year to another within the trading period; transfers between countries). It also proposes two new flexibilities: **1. LULUCF flexibility**: limited use of removals from the land-use sector to account for the targets in the ESR and **2. One-off flexibility**: the possibility of cancelling ETS allowances (in total 100 million) to be accounted under the ESR. This second flexibility is only available for countries that either have targets above EU average and their cost-effective reduction potential or did not have free allocation for industrial installations in 2013.

- Reporting and compliance:

The proposal keeps annual reporting of emissions and biennial reporting on projections and policies and measures, but proposes compliance checks every five years instead of every year.

Proposed targets and access to new flexibilities

	2030 target compared to 2005	**Maximum annual flexibility (as % of 2005 emissions)**	
		One-off flexibility from ETS to effort sharing regulation	**Flexibility from land use sector to effort sharing regulation***
LU	-40%	*4%*	*0.2%*
SE	-40%	*2%*	*1.1%*
DK	-39%	*2%*	*4.0%*
FI	-39%	*2%*	*1.3%*
DE	-38%		*0.5%*
FR	-37%		*1.5%*
UK	-37%		*0.4%*
NL	-36%	*2%*	*1.1%*
AT	-36%	*2%*	*0.4%*
BE	-35%	*2%*	*0.5%*
IT	-33%		*0.3%*
IE	-30%	*4%*	*5.6%*
ES	-26%		*1.3%*

CY	-24%		*1.3%*
MT	-19%	*2%*	*0.3%*
PT	-17%		*1.0%*
EL	-16%		*1.1%*
SI	-15%		*1.1%*
CZ	-14%		*0.4%*
EE	-13%		*1.7%*
SK	-12%		*0.5%*
LT	-9%		*5.0%*
PL	-7%		*1.2%*
HR	-7%		*0.5%*
HU	-7%		*0.5%*
LV	-6%		*3.8%*
RO	-2%		*1.7%*
BG	0%		*1.5%*
**These figures are estimates. The limit is expressed in absolute million tonnes over 10 years in the proposal.*			

Commission proposal on effort-sharing - Original document (11483/16)

Commission proposal on effort-sharing - Factsheet (European Commission)

Current effort sharing decision (up to 2020)

Evaluation of the implementation of the current effort sharing decision

LULUCF regulation

The LULUCF regulation sets out accounting rules and Member States' commitments regarding the sectors linked to the use of soil (land-use, land-use change and forestry) in greenhouse gas emission reductions. These sectors cover the use of soils, trees, plants, biomass and timber. Their particularity is that they not only emit greenhouse gases but can also remove CO_2 from the atmosphere.

Progress report

There is a broad support for incorporating and considering the LULUCF sectors as fundamental elements of the 2030 climate and energy framework.

During the Maltese Presidency, considerable progress has been made to clarify the main issues of the proposal. However, further discussions are still required on the main issues in order to achieve a balanced compromise while preserving the **environmental integrity** of the proposal, namely the **setting of national forest reference levels** and having a cap on the use of credits.

The Presidency proposes to set forest reference levels based on a historical reference period from 2000 to 2009 but also to allow for more flexibility for Member States in the form of a national threshold which can be used under certain circumstances. On the cap, the Presidency puts forward two alternative options concerning the redistribution of the cap based on forest area, and a cap expressed as a percentage.

In addition**,** further clarification is needed on **the process (Governance)** to apply when setting future forest reference levels.

There have also been discussions on the accounting rules applied to harvested wood products and for managed cropland, grassland and wetland and also on the "no debit rule".

Main elements of the Commission proposal

- Accounting rules:

The proposal updates the accounting rules for emissions and removals from these sectors. In land management, the proposal sets as the base period the average accounts for 2005-2007. Emissions from biomass will also be recorded and counted. The proposal also introduces a new monitoring process based on forest management reference levels.

- No-debit rule:

Member states have to ensure that accounted emissions and removals stay in balance (seen over a five year period) and the sector therefore does not generate net emissions.

- Flexibilities:

To ensure the compliance with the "no-debit rule", certain flexibilities are introduced. Member states are allowed to use excess allocations from the ESR, compensate emissions from one land category by removals from another, accumulate net removals over the period 2021-2030, and trade excess removals among countries.

- Forest reference levels

The proposal also incorporates a new EU governance process to determine forest management reference levels. Together with the "cap" on the use of credits, these are the key elements of the proposal towards the accounting for managed forest land.

Commission proposal on LULUCF - Original document (11494/16)

Commission proposal on LULUCF - Factsheet

Current decision on accounting rules for LULUCF

EU emissions reduction target

In its October 2014 conclusions, the European Council agreed on the 2030 climate and energy policy framework for the EU. Leaders set a binding EU target to reduce greenhouse gas emissions by **at least 40% by 2030 compared with 1990**. This target was submitted in March 2015 as the Intended nationally determined contribution of the EU and its Member States to the Paris Agreement.

The target is to be delivered **collectively** by the EU in the most cost-effective manner possible, with all Member States participating in the effort, balancing considerations of fairness and solidarity. To achieve the overall EU target, European Council conclusions also indicated that the reduction will amount to 43% in the **ETS sectors** and 30% in **non-ETS sectors**, in both cases by 2030 compared with 2005.

European Council (October 2014) - Conclusions

Intended nationally determined contribution to the Paris Agreement

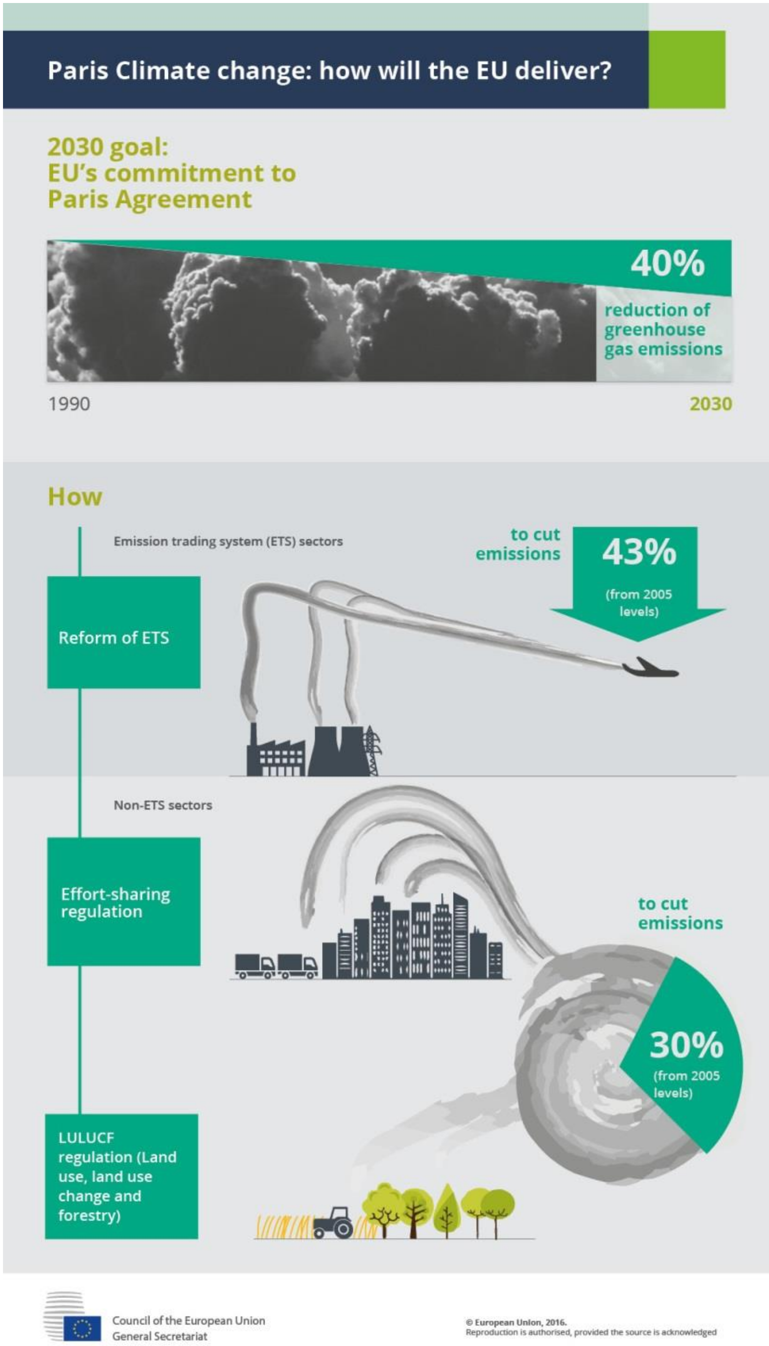
Timeline and next steps

Based on the European Council conclusions in October 2014, the European Commission presented proposals for two regulations on the sectors not covered by the ETS in July 2016. The proposal for a review of the ETS was previously submitted in July 2015.

All three files follow the **ordinary legislative procedure** and therefore, proposals need to be discussed by the **Council** and the **European Parliament** with a view to agreeing final texts. On ETS, both co-legislators have agreed their positions and already entered into negotiations.

On Non-ETS, proposals are currently being analysed. A policy debate was held at the Environment Council on 17 October 2016 and EU Environment ministers were debriefed on 19 December 2016 on the state of play.

The European Parliament's ENVI Committee voted on the ESR draft report on 30 May 2017 and the plenary vote will take place today, 14 June. Regarding LULUCF, the file will be voted at the Committee on 22 June.



ENVIRONMENT

EU Action Plan for nature, people and the economy

Ministers are expected to **adopt conclusions** on the **"EU Action Plan for nature, people and the economy"**. The aim of this plan is to improve and boost the full implementation of the Nature Directives.

Europe is privileged to have a very rich and diverse natural heritage. This offers a natural, social, cultural and economic capital that should be protected and conserved for the benefit of nature, people and the economy.

The **Nature Directives** constitute the legislative framework to guarantee the protection of species and natural habitats within the EU. It establishes Natura 2000 - a network that helps protect Europe’s rare and endangered habitats and species. It consists of over 27000 sites across Europe, covering 18% of EU land territory and more than 6% of its marine areas.

The assessment carried out by the Commission (**"fitness check"**) determined that the Nature Directives are fit for purpose but it also identified a significant gap in the **effectiveness and efficiency of the implementation** of the Directives.

The EU is **taking action to reverse this situation.** The European Commission has put forward an "EU Action Plan for nature, people and the economy" to help enhance the practical implementation of the Directives and ensure the progress towards the EU 2020 goal of halting and reversing the loss of biodiversity and ecosystem services.

Responding to the findings of the "fitness check", the Action Plan focuses on **four priority areas**:

- Improving guidance and knowledge and ensuring better coherence with broader socioeconomic objectives
- Building political ownership and strengthening compliance
- Strengthening investment in Natura 2000 and improving synergies with EU funding instruments
- Better communication and outreach, engaging citizens, stakeholders and communities

It also sets out **15 concrete actions**. Most of them will be launched already in 2017, allowing for effective reporting to be done before the end of 2019.

An Action Plan for nature, people and the economy (Commission Communication)

Fitness check of the EU Nature Legislation (Commission Staff Document)

Fitness check of the EU Nature Legislation (Commission website)

Habitats Directive and Birds Directive

European Court of Auditors' Special Report No. 01/2017

Any other business

Waste legislative package

The presidency will inform the Council of the state of play of the **four legislative files on waste**, part of the **circular economy package** presented by the European Commission in December

2015. The legislative proposals introduce measures to reduce waste generation, control waste management, boost recycling and cut resource use.

The Council agreed on its **negotiating mandate** at Ambassadors level on 19 May soon after the European Parliament, giving a clear signal of the importance of this file. The Maltese Presidency has already entered into negotiations with the European Parliament.

The **1st trilogue meeting** with the European Parliament took place on **30 May**. It allowed both co-legislators to present their positions on the package. An initial discussion was also held on the outstanding elements of the Waste framework directive and a number of aspects were identified for discussion at the technical level. The **2nd trilogue** is scheduled on **26 June**.

Press release - Council negotiating mandate

Commission proposal (14973/15 + 14974/15 + 14975/15 + 14976/15)

Background brief - March 2016 Environment Council (including information on the circular economy package)

Recent international meetings

The Presidency and the Commission will brief ministers on several recent international meetings:

- Triple Conference of the Parties to the Basel (COP 13), Rotterdam (COP 8) and Stockholm (COP 8) Conventions (Geneva, 24 April - 5 May 2017) (9015/17)

- Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention): 7th session of the Meeting of the Parties to the Convention and the 3rd session of the Meeting of the Parties to the Convention serving as the Meeting of the Parties to the Protocol (Minsk, Belarus, 13-16 June 2017)

International Conference on the Role of Women in Mountain Regions (Alpbach, Tyrol, 18-19 April 2017)

The Austrian delegation will inform the Council about the International Conference on the Role of Women in Mountain Regions that took place in Austria from 18 to 19 April 2017.

- Information note (10102/17)

Outcome of the Ocean Conference (New York, 5–9 June 2017)

The Swedish delegation will brief the ministers on the outcome of the Ocean Conference held in New York from 5 to 9 June 2017.

- Information note

Project on "Development of Urban Adaptation Plans for cities with more than 100.000 inhabitants in Poland"

The Polish delegation will report on the project and explain how urban areas are getting adapted to climate change.

- Information note (10176/17)

Vienna Declaration: 11th Nano-Authorities Dialogue (Vienna, 29–30 March 2017)

The Luxembourg, Austrian and German delegations will inform the Council about the conclusions and recommendations adopted at the 11th Nano-Authorities Dialogue of 29-30 March 2017 in the context of the Vienna Declaration.

- Information note (10156/17)

Ratification of the Kigali Amendment to the Montreal Protocol

= Information from the Commission

Work programme (July - December 2017)

The Estonian delegation will inform the ministers of its work programme for the coming months as the next Member State to hold the presidency.

- Estonian presidency website: http://www.eu2017.ee/