EU leaders hammer out landmark climate deal

Greenhouse gas emissions to be cut by at least 40% by 2030, relative to 1990 levels.

Quirin Schiermeier
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Poland's Belchatow power station. The country relies heavily on coal-powered plants for electricity generation.
In a move which analysts hope will liven up international climate policy efforts, European Union (EU) leaders have agreed on a set of mid-term climate and energy targets for the world’s third-largest economic bloc.

The EU’s new climate and energy policy framework, finalised in the course of an all-night session of the European Council, obliges the bloc’s member states to collectively reduce domestic greenhouse gas emissions by at least 40% by 2030, relative to 1990 levels. Unless countries such as China and the US unexpectedly pledge substantially more ambitious targets — in which case Europe would follow suit — the agreed target will form the EU's contribution to a planned global climate agreement early next year.

European heads of state also agreed on a politically binding EU-wide target to increase renewable energy use to 27% by 2030, up from just over 14% currently. Another 27% target, for improving EU-level energy efficiency, is merely ‘indicative’, to be reviewed in 2020 with a 30% target in mind.

Policy analysts cautiously welcomed the agreement. “Politically, nothing much more was possible,” says Severin Fischer, a climate policy expert with the German Institute for International and Security Affairs in Bonn. “What the deal is really worth depends on what China and the United States will offer next year.”

"Europe is setting an example," French President Francois Hollande said, but added that the deal is a compromise between European governments with different views on the urgency and affordability of climate action. Poland, for example, which heavily relies on coal for electricity generation, had threatened to veto a decision unless far-
reaching concessions were made to its energy and heavy industries.

“It is important that the doors remain open to more ambitious targets,” says Eva Filzmoser, director of Brussels-based Carbon Market Watch. “But the deal also includes a number of unwelcome concessions to large polluters which threaten to severely limit its effectiveness.”

Greenhouse gas emissions in the EU have already dropped by almost 20% since 1990. The greater share of the additional reductions will have to be achieved by some 12,000 energy-intensive installations covered by the EU’s mandatory emission trading scheme (ETS). From 2021 onwards, the cap on maximum permitted emissions will be reduced each year by 2.2%, up from the current 1.74% per year. But to avoid ‘carbon leakage’ to countries with less stringent climate regulations, Brussels will continue to give ample free pollution rights to energy-intensive manufacturing industries which might otherwise transfer production.

Carbon market analysts also point to more than 2 billion unused allowances from previous trading periods, a result of overallocation and the economic crisis of recent years, which businesses can use to offset future emissions. The ETS is to be reformed with a view to stabilizing the price of emissions, which temporarily dropped to zero during the 2008-2012 trading period.

But critics say that neither the cap reductions nor the planned market stability measures will suffice to raise the price of carbon from around €5 per tonne of emissions that it is at present to levels required to stimulate serious investment in clean energy technologies. “It is about time now to fix the most important instrument of the European climate
policy,” says Ottmar Edenhofer, chief economist of the Potsdam Institute for Climate Impact Research in Germany. “Without a working ETS, it’s difficult to see how the climate targets will be put in practice.”

Meanwhile, EU member states must still negotiate on national targets for sectors not covered by the ETS. This, says Fischer, could be a tough job since the deal hammered out last night requires that decisions on all elements be agreed upon by all parties, risking a stalemate should some countries refuse to comply.

Countries will however be granted more flexibility in how they achieve their national targets, for instance by domestic carbon offsets from emission reductions in non-traded sectors such as building and heating. But after 2020 the deal will terminate the option of offsetting domestic emissions by means of clean energy projects — often of questionable quality — in developing countries.

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EU leaders agree CO2 emissions cut
Poland, heavily reliant on coal, fears the cost of lower CO2 emissions will harm its economy.

European Union leaders have reached a landmark deal to cut greenhouse emissions by 40% by 2030, compared with 1990 levels.

The decision was agreed after heated discussions at a summit in Brussels, as some members had argued that their varied interests should be protected.

Correspondents say it could make the EU a leader again in climate policy.

The bloc also aims to boost the use of renewable energy to 27% in the total energy mix.

There were deep divisions within the EU on emissions cuts.

Poland, which is heavily reliant on coal, fears that the costs of decarbonising its economy will slow business growth. Its concerns at the summit were echoed by other central and east European members.

Like them, the UK also had opposed nationally binding targets for renewables - mainly wind, solar and hydroelectric power. The UK is also embracing shale gas and nuclear as alternatives to the current over-reliance on oil and gas imports.

Leaders had been cautious about the prospect of a deal, before holding talks late into the night.

'Ambitious position'
But in the early hours of Friday, the President of the European Council, Herman Van Rompuy, wrote in a tweet: "Deal! At least 40% emissions cut by 2030. World's most ambitious, cost-effective, fair #EU2030 climate energy policy agreed."

The EU Commissioner for Climate Action, Connie Hedegaard, said she was "very proud" that the leaders "were able to get their act together on this pressing climate challenge".
Meanwhile, German Chancellor Angela Merkel said: "We made a decisive step forward."

The EU is already on target to cut its CO2 emissions by 20% by 2020, compared with 1990 emission levels.

EU officials earlier said they wanted the EU to have an "ambitious position" in the run up to the UN climate change conference in Paris in December 2015.

Europe's reliance on Russian gas has become a hot topic because of the Ukraine crisis, besides the climate impact of CO2.

In the Belgian capital, the EU leaders were also expected to agree to boost measures to stop the spread of Ebola.

The UK is expected to urge its EU partners to send more medics and equipment to West Africa, in line with the UK's help for Sierra Leone.