



Summary report on the multilateral assessment of the European Union at the forty-ninth session of the Subsidiary Body for Implementation

Note by the secretariat

I. Background

1. The Conference of the Parties, at its sixteenth session, decided that developed country Parties should enhance the reporting in their national communications and submit biennial reports on their progress in achieving emission reductions. It also decided to establish the international assessment and review (IAR) process under the Subsidiary Body for Implementation (SBI), which aims to promote comparability of efforts among all developed country Parties.¹ According to the modalities and procedures for IAR,² multilateral assessment (MA) is to be conducted for each developed country Party at a working group session of the SBI with the participation of all Parties. The aim of MA is to assess each Party's progress in implementation towards achieving emission reductions and removals related to its quantified economy-wide emission reduction target.

2. The third round of MA of the European Union (EU) took place on 3 December 2018 at a working group session during SBI 49. Such a working group session is preceded by a three-month period of questions and answers; in the first month, any Party may submit written questions to the Party being assessed, which may respond to the questions within the remaining two months. Questions for the Party had been submitted in writing two months before the working group session at SBI 49 by the following delegations: Australia, China, New Zealand, Republic of Korea and Turkey. Brazil and the United States of America submitted written questions after the deadline. A list of the questions received and the answers provided by the EU as well as the webcast of the session can be found on the IAR web page for the EU.³ The Party can submit any other observations on its MA process within two months of the working group session.

¹ Decision 1/CP.16, paragraphs 40 and 44.

² Decision 2/CP.17, annex II.

³ <https://unfccc.int/process-and-meetings/transparency-and-reporting/reporting-and-review-under-the-convention/national-communications-and-biennial-reports-annex-i-parties/multilateral-assessment/multilateral-assessment-of-third-biennial-reports/third-multilateral-0>.

II. Proceedings

3. The working group session was chaired by the SBI Chair, Mr. Emmanuel Dlamini. The Party was represented by Ms. Elina Bardram, (Head of Unit in the Directorate-General for Climate Action of the European Commission).

4. Ms. Bardram made an opening presentation summarizing the Party's progress in implementation towards achieving the emission reductions and removals related to its quantified economy-wide emission reduction target. Under the Convention, the EU made a commitment to reduce its greenhouse gas (GHG) emissions by 20 per cent below the 1990 level by 2020. The emission reduction target encompasses large GHG emission sources under the EU Emission Trading System (EU ETS), with the goal of reducing emissions by 21 per cent below the 2005 level by 2020, and non-EU ETS sectors pursuant to the effort-sharing decision (ESD). Under the ESD, the EU has a target of reducing its total emissions to 10 per cent below the 2005 level by 2020.

5. Total GHG emissions excluding emissions and removals from land use, land-use change and forestry (LULUCF) decreased by 22 per cent between 1990 and 2017. The decrease in total GHG emissions can be attributed mainly to factors and drivers such as the increased use of renewable energy sources, the shift from coal to gas in electricity and heat production, energy efficiency improvements, structural changes in the economy with reduced activity in the industrial sector and growth in the service sector, economic recession, changes in prevailing weather patterns, and policies at both the EU and the member State level. These drivers also led to the decoupling of gross domestic product and GHG emissions in the EU, which was emphasized by the Party during the MA session. The only major sector with increased emissions between 1990 and 2015 was the transport sector.

6. Ms. Bardram presented key policies and measures (PaMs) implemented to achieve the Party's 2020 target, and also highlighted the envisaged continuation and further strengthening of those PaMs envisaged for progressing towards 2030 targets as part of the Party's nationally determined contribution under the Paris Agreement. The key overarching cross-sectoral policy in the EU is the 2020 climate and energy package, adopted in 2009, which includes the revised EU ETS and the ESD which are critical for attaining the EU-wide emission reduction target by 2020. Ms. Bardram emphasized that the implementation of PaMs has, not only led to sizeable emission reductions and the decoupling of GHG emissions from economic growth, but also brought about other benefits, such as energy savings, improving air quality and creating new jobs.

7. Emissions and removals from the LULUCF sector are not included in the 2020 target under the Convention. With regard to the use of units from market-based mechanisms under the Convention and other mechanisms, the EU member States are generally allowed to use units from the Kyoto Protocol mechanisms as well as new market mechanisms for compliance purposes, subject to a number of restrictions in terms of origin and type of project and up to an established limit.

8. The Party's total GHG emissions excluding LULUCF in 2020 and 2030 are projected to be 4,212,961.07 and 3,987,736.85 kilotonnes of carbon dioxide equivalent (kt CO₂ eq), respectively, under the 'with measures' scenario, which is a decrease of 26.2 and 30.2 per cent, respectively, below the 1990 level. Under the 'with additional measures' scenario, emissions in 2020 and 2030, amounting to 4,179,456.57 and 3,871,983.62 kt CO₂ eq, respectively, are projected to be lower than those in 1990 by 26.8 and 32.2 per cent, respectively. The 2020 projections suggest that the EU expects to overachieve its 2020 target under the Convention.

9. The opening presentation was followed by interventions and questions from the following delegations: Brazil, China, Japan, Malaysia, New Zealand, Switzerland and the

United States of America. The questions related to key assumptions used for projections and how projections from individual member States were incorporated into the Party's projections; drivers behind the decoupling of GHG emissions from economic growth; the use of auction revenues from the EU ETS to support climate action at the international level; the importance of security, solidarity and trust as 'soft' factors embedded in the EU 2030 climate and energy framework for achieving climate policy goals; the impact of the Party's long-term climate-neutral strategy on the achievement of the 2020 target; the role of domestically produced biomass in energy use and its effects across different sectors; use of emission reduction units (ERUs) and certified emission reductions (CERs) in the aviation sector as part of the EU ETS; improvements in monitoring and quantifying results of energy efficiency PaMs; further clarification of the no-debit rule in the land-use sectors; and the role of innovation and modernization funds in meeting the target.

10. In response, the EU provided further explanations. In particular, it explained that, the key assumptions used for projections were taken from European Commission reference documents prepared in consultation with national experts and the Joint Research Centre. It also explained that the decoupling of GHG emissions from economic growth was a result mainly of the implementation of the climate and energy package in a holistic and inclusive manner, thus ensuring its impact across all economic sectors and the involvement of all stakeholders. As part of the implementation of the package, 50 per cent of auction revenue from the EU ETS should be channelled to supporting climate and environmental actions, but this percentage varies across member States. Also, there is no threshold set on using such revenue for international financial support. For the purpose of the EU ETS, ERUs and CERs are exchanged for European emission allowances and are thus eligible for use under the EU ETS including for the aviation sector.

11. Furthermore, the EU explained that the principles of security, solidarity and trust embedded in the EU 2030 climate and energy framework have been operationalized through various means and approaches, including innovation and modernization funds aimed at supporting the just transition to a low-carbon economy for 10 member States that are still dependent on carbon-intensive energy sources. The 2020 target under the Convention is expected to be achieved independently of the Party's long-term climate-neutral strategy, which is focused on post-2020 climate action. With regard to the use of biomass and its impacts on various sectors, the EU expects that land-use sectors included in the second commitment period of the Kyoto Protocol will generate emission credits in the range of 106–120 Mt CO₂ eq in 2020; as per the no-debit rule for the LULUCF sector there will be two compliance periods, 2021–2025 and 2026–2030. The EU elaborated that the comprehensive monitoring mechanism regulation is used for monitoring and quantifying the results of energy efficiency PaMs, which will be further strengthened by the new energy union governance regulation.
