eufacts

August 2010

EU Action on Climate Change

According to the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC), the climate is changing even more quickly than previously anticipated. The global mean surface temperature was higher during the last few decades of the 20th century than during any comparable period since at least 1600 A.D.; evidence suggests that now may be the warmest period the earth has seen since 900 A.D.

Human activities—particularly the combustion of fossil fuels and deforestation—are primarily responsible for the carbon dioxide and other greenhouse gas (GHG) emissions that are accelerating the rate of climate change.

Unless global emissions are reduced by at least half of the 1990 levels by 2050, a temperature rise of 2°C (3.6°F) above pre-industrial levels will be hard to avoid. Climate change beyond 2°C could have potentially wide-ranging effects on the natural environment, human activities, and economies. Weather-related mortality, infectious disease, and respiratory illnesses could increase; competition for water could intensify; coastal areas could be inundated.

To remain below the 2°C threshold, the IPCC estimates that developed countries collectively need to cut their emissions by 25-40 percent below 1990 levels by 2020 and by 80-90 percent by 2050.

The EU is leading global action on climate change, both by setting out what needs to be done internationally to limit global warming to less than 2°C and by committing to significant cuts in its own greenhouse gas emissions.

Challenges and Opportunities: Kyoto to Copenhagen and Beyond

The Kyoto Protocol is not enough:

- The 1997 Kyoto Protocol is an important first step, but it only covers 30 percent of current GHG emissions. Far-reaching action to further curb GHG emissions will be needed after the Kyoto targets expire in 2012.
- Serious weaknesses exist in the current Kyoto architecture that risk undermining the environmental integrity of an agreement, including the rules for the accounting of forestry emissions and the handling of surplus emission budgets.

The Copenhagen Accord is a first step toward a legally binding global climate agreement:

- The Copenhagen Accord is consistent with the EU's core objective of keeping global warming below 2°C above the pre-industrial temperature.
- Developed and developing countries responsible for more than 80 percent of global GHG emissions have now formally announced their emissions reduction targets and actions, demonstrating the determination of the majority of countries to start tackling climate change.
- The 2010 climate conference in Cancun, Mexico, provides an opportunity to translate the main elements of the Copenhagen Accord into formal UN negotiations.

However, Copenhagen fell short of Europe's expectations:

- The targets proposed by developed countries still do not come close to the 25-40 percent reduction needed by 2020 to limit the global temperature increase to no more than 2°C.

EU Action on Climate Change

- Only the EU has adopted the legislation required to guarantee the delivery of its 2020 reduction target—in other developed countries, legislation is still at the discussion stage only.

EU Actions

20 20 20 x 2020: toward a low-carbon and climate-resilient economy

The EU's Europe 2020 Strategy identifies sustainable growth—promoting a more resource-efficient, greener and more competitive economy—as a key priority over the next decade. As part of the process, the EU has committed to meet the following climate and energy targets by 2020, including:

- A reduction in greenhouse gas emissions of at least 20 percent below 1990 levels (even further reductions are possible if other major emitters make equivalent commitments).
- 20 percent of EU energy consumption to come from renewable resources.
- A 20 percent reduction in primary energy use compared with projected levels, to be achieved by improving energy efficiency.

EU funding and the Copenhagen Accord

- **Fast-start funding:** the Copenhagen Accord provides for fast-start support of approximately $30 billion (2010-2012) to help developing countries mitigate and adapt to climate change. The EU and its Member States have committed to an annual contribution of €2.4 billion.
- **Long-term financing:** in the Copenhagen Accord, the EU and other developed countries committed to jointly mobilize $100 billion annually by 2020 for mitigation and adaptation actions in developing countries.

Advancing international carbon markets

The EU is working to develop the international carbon market, which is essential for driving low-carbon investments and reducing global emissions cost-effectively. The carbon market can also generate major financial flows to developing countries.

EU Emissions Trading Scheme

The cornerstone of the EU's strategy to fight climate change is the EU Emissions Trading Scheme (EU ETS), the world's first and largest international trading system for greenhouse gas emissions. The EU ETS uses a cap-and-trade market mechanism to put a price on carbon and allow companies to cut emissions cost-effectively.

- From 2013, the existing EU ETS will be strengthened in order to contribute some two-thirds of the overall emission reductions the EU intends to achieve by 2020.
- The cap on emission allowances for the sectors covered by the system—power generation, energy-intensive manufacturing industry, and from 2012, aviation—will gradually decrease every year, lowering the number of emission allowances available to 21 percent below 2005 levels by 2020.
- Emissions from other sectors not covered by the revised EU ETS will be cut by 10 percent of 2005 levels by 2020.
- These non-ETS sectors—such as transport (except aviation, which is subject to the revised EU ETS), buildings, households, agriculture, and waste—will still account for almost 60 percent of the EU's overall emissions.
- Auctioning of 50 percent of allowances will begin in 2020, with full auctioning coming into effect by 2027.

Spotlight: The Economics of Climate Change

- With only 15 percent of the world's population, industrialized countries currently account for almost half of all global emissions.
- According to the 2006 Stern Review on the economics of climate change and other studies, the costs of failing to act are very high. In the long term, climate change could cut GDP each year by as much as 20 percent or more if no actions to reduce greenhouse gas emissions are taken now.
- The European Commission's analysis shows that the investment needed to achieve a low-carbon economy would cost only around 0.5 percent of world GDP between 2013 and 2030.

On the Web:

- **European Commission: Climate Change:** http://ec.europa.eu/environment/climat/home_en.htm
- **A Post-2012 Global Climate Regime:** http://ec.europa.eu/environment/climat/future_action_com.htm
- **Press Pack: Energy and Climate Change:** http://europa.eu/press_room/press_packs/climate/index_en.htm

EU Fact Sheets are published by the Delegation of the European Union to the United States

2175 K Street, NW
Washington, DC 20037
202.862.9500

www.eurunion.org
email: delegation-usa-info@ec.europa.eu