

Effort Sharing Regulation

Subject Overview

The Effort Sharing Regulation includes all sectors that generate greenhouse gas emissions outside of the emissions trading sector. In practice, within the EU, the effort sharing sector's target is divided into member state-specific objectives, and member states must develop measures to achieve these objectives. The Commission monitors the progress of member states and provides recommendations for additional measures through the governance regulation if necessary.

In the spring of 2023, the effort sharing sector's 2030 target was raised to 40%. Finland's national target is even higher at 50%, as national targets take into account factors such as a member state's GDP. Although Finland's current target level is high compared to other EU countries, it is achievable, considering Finland's self-declared goal of becoming carbon-neutral by 2035. In 2022, the Emission Trading Directive was updated to also cover maritime transport, road transport, building heating, and industrial fuel use. This has created overlaps with the current effort sharing sector's coverage.

Objective of the Chemical Industry

The chemical industry supports ambitious climate goals, but policy should also support the implementation of a nature-positive carbon-neutral chemical industry roadmap. In principle, legislative work should be long-term, so changes should be made moderately in future updates, such as when setting the 2040 targets. According to the chemical industry, the boundary between the effort sharing sector and the emissions trading sector should be clarified in the future. When setting the effort sharing sector's target, a fair distribution among EU member states should be considered, and the procedure should better account for each member state's potential to reduce emissions. Additionally, any EU-wide support should be equally available to all member states.

The Commission should not be given too much power to compel member states to take action through the governance regulation. This is currently a significant risk, especially concerning conflicting reduction targets in the Energy Efficiency Directive. The Commission should allow member states to implement climate measures as flexibly as possible and not try to force member states into the same mold.

The calculation of carbon dioxide emissions between the emissions trading sector, effort sharing sector, and land-use sector is currently inadequate. It is of paramount importance that sustainable carbon cycle solutions, such as carbon capture, are correctly calculated and considered within the entire legislative framework. All other possible sustainable non-virgin fossil carbon sources should be favored, and legislative barriers related to them should be removed. Such carbon sources include all captured carbon dioxide, all recycled/reused carbon, and sustainable bio-based carbon sources.

In the bigger picture, the Commission should focus on setting 2040 targets and correcting current flaws instead of opening up the 2030 targets.

Current Situation and Timeline

The effort sharing regulation was updated in 2023. The Effort Sharing Regulation is likely to be updated concerning the 2040 targets and rules after the summer 2024 European elections. We influence Finland's position, Parliament, and the Commission, Cefic's position, and the Commission's work program. We monitor the positions of other countries.

Additional information and materials:

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