

February 06, 2020

FEEDBACK ON EUROPEAN CLIMATE LAW – ACHIEVING CLIMATE NEUTRALITY BY 2050

We envision a just and prosperous EU with modern, resource-efficient and competitive economy. The natural capital of the EU needs to be conserved, fostered, and increased while simultaneously maintaining the health and prosperity of EU citizens from the risks related to environmental change.

The Bioenergy Association of Finland welcomes the Climate Law as an overall legislative framework to foster and guide climate change mitigation and adaptation activities. We fully support the aim of a climate-neutral EU by 2050. Nevertheless, the main target in EU's diplomacy should always be to reduce emissions at home as part of a broad worldwide coalition. The EU's role is to broaden such a coalition and speed up progress and to create markets for low carbon technologies and products.

The Climate law should also take into account the big societal change required and the need to maintain an orderly and just transition. This means that in addition to the climate and environmental objectives, other political aims, such as a sufficient tax income, security of energy supply and regional employment need to be considered.

Energy poverty should be alleviated within the EU and future policies should not make the situation worse in any scenario. We would also emphasise the need to address social accountability of policies and actions. Citizens and companies should be given several possibilities to maneuver within a given emission path. The Climate Law should be technology-neutral and market-oriented and not preselect some solutions over the others.

The Climate Law should be seen as a framework legislation aiming mainly to set the scope for legislation applicable post-2030. In this respect we underline that it can be harmful and a step backwards to open some of the recently negotiated directives, such as the REDII directive before the end of 2020's. An important principle of the Climate Law should be to ensure enough stability and low political risk for private investment.

The EU Climate Law should respect the subsidiarity principle of forest policies. At the same time, however, we see the need for a holistic EU forest strategy. It should encompass the whole value chain and all the products and take into account climate change mitigation when using wood-based products and substituting fossil fuels over a longer period of time. Improving biodiversity in forests must be part of the strategy as well. The effects of climate change that either already affect or are forecast to affect the level of

disturbances must be taken into account. It should also be addressed how those risks could be managed and how EU's forests could best adapt to the new climate.

The Association considers that any carbon border adjustment mechanism and the related technical and political risks (including political repercussions for trade) require careful analysis. Any mechanism should first focus on the most carbon-intensive products.

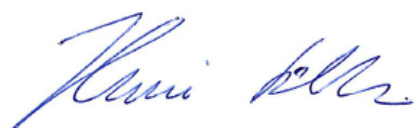
Finance for sustainable action is crucial. No new investments on primary fossil energy or infrastructure running mainly on primary fossil fuels should be eligible under EU-funding or State Aid. The Climate Law could be used to set the target.

Part of the current EU legislation can be seen as an obstacle for high ambition in climate change mitigation. For instance, the energy tax directive dates back to 1990's and is not acknowledging the need to rapidly get rid of fossil fuels very well. The main objectives for the revision should be to ensure the growth of renewable energy and energy security in the EU.

In our view, the ETS should be the main policy tool for climate change mitigation in the EU. Therefore, it seems obvious the EU ETS directive should be revised as part of the Green Deal. In the longer run, changes to the scope including new sectors such as transport and the heating sector could be considered. Such changes should be applicable at least for transport only after 2030 due to already existing and well-functioning policies in some Member States.

An important notion for the Climate Law and the Green Deal in general is the prevailing lack of incentives and legislative certainty for various negative emission technologies. The in-depth analysis in support of the EC strategic vision 2050 (COM (2018) 773) that will be one of supporting document with an ad-hoc impact assessment for the Climate law, shows how important various negative emissions technologies can and will be to achieve carbon neutrality in the EU. It is also noteworthy that after 2050 the EU will need to expand carbon negative solutions anyway.

Bioenergy Carbon Capture and Storage (BECCS) and biochar production are technologically maybe the most mature negative emissions solutions. The EU should soon set a clear policy environment to initiate concrete actions to enable investment in negative emission technologies on a technology-neutral basis. Deployment of such solutions requires above all clear accounting rules and incentives for investments in carbon capture. Additionally, rules for shipping of CO2 and a roadmap to create cost-efficiently adequate transport and storage infrastructure is needed.



Harri Laurikka
Managing Director
The Bioenergy Association of Finland