PRESIDENCY ROOM DOCUMENT

AMENDMENT TO THE EUROPEAN CLIMATE LAW

Recitals

NEW Recital (5aa): **Furthermore, the European Council also recalled in its conclusions of 23 October 2025 the urgent need to intensify collective efforts to ensure Europe's industrial renewal, modernisation and decarbonisation in a technologically neutral manner. It underlined in this context that particular attention should be paid to traditional industries, notably the automotive, shipping, and aviation industries as well as energy-intensive industries, such as steel and metals, chemicals, cement, glass and ceramics, and pulp and paper, so that they remain resilient and competitive in a global market and a challenging geopolitical environment. In this regard, it welcomed the recent Commission proposal to protect the European steel sector from unfair impacts of global overcapacity. It also welcomed the Commission's intention to take forward the review foreseen under the Regulation on CO2 emissions performance standards for cars and vans, and it called for the swift presentation of this proposal, taking into account technological neutrality and European content. In this context, the European Council also welcomed the recent letter from the President of the Commission on climate and competitiveness.**

Recital (5a): In its conclusions of 23 October 2025, the European Council stated that enhancing the Union's competitiveness, bolstering its resilience, and advancing the green transition are mutually reinforcing objectives that must be pursued together, and called for an urgent stepping up of efforts to secure the supply of affordable and clean energy and build a genuine Energy Union before 2030, including by leveraging the new Energy Union Task Force, as well as for accelerating work aimed at lowering energy prices and supporting sustainable energy production **domestically in the Union.** With a view to ensuring a cost-effective, fair and just, pragmatic and socially balanced transition towards climate neutrality, taking into account different national circumstances (…).

Recital 8: (…) **In order to ensure a smooth transition to the EU ETS2, the application of Article 10a(8b) and Article 30(k)(2) letters (a) to (e) of Directive 2003/87/EC should be postponed of one year**. The Commission should assess how the relevant Union legislation would

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need to be amended in order to achieve the 2040 climate target, **also taking into account declining natural sink capacity.** (…)

Recital (8a): A number of elements to facilitate the achievement of the 2040 climate target should be appropriately reflected, including a**n** ~~possible~~ adequate ~~[…]~~ contribution towards the 2040 climate target of high-quality international credits under Article 6 of the Paris Agreement in the ~~[~~second part of the~~]~~ 2031-2040 decade, in a way that is both ambitious and cost-efficient and in line with accounting rules of the Paris Agreement**, including a pilot period to initiate a high-quality and high-integrity international credit market for the period 2031-2035** (…)

Recital 8a: (…) emissions after 2039. **The Commission should timely consider a slower phase out-pathway for free allocation of allowances from 2028 onwards to support decarbonisation, investment and employment in Europe, including through the Industrial Decarbonisation Bank and a review of the MSR, while minimising the risk of carbon leakage.** (…)

Article 4.5(a): starting from ~~[~~2036~~]~~, a**n** ~~possible~~ adequate ~~[…]~~ contribution towards the 2040 climate target of high-quality international credits under Article 6 of the Paris Agreement of ~~[3]~~**up to 5**% of 1990 EU net emissions, **corresponding to a domestic reduction of net greenhouse gas emissions by 85% compared to 1990 levels by 2040,** in a way that is both ambitious and cost-efficient, supporting the EU and third countries in achieving net greenhouse gas reduction trajectories compatible with the Paris Agreement objective to hold the increase in the global average temperature to well below 2 °C and pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels ~~[subject to~~ ensuring the environmental integrity of these credits, while promoting the EU's technological leadership~~]~~**; a pilot period to initiate a high-quality and high-integrity international credit market may be considered for the period 2031-2035,** the origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law~~, and such credits shall not play a role for compliance in the EU ETS~~;

Article 4(5)(h): the need to ensure and support a fair and just, pragmatic, cost-effective and socially balanced […] transition for all, taking into account different national circumstances and paying

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particular attention to impacts on consumer prices, energy and transport poverty and to regions and sectors, **including their investment capacity,** small and medium-sized enterprises, farmers and vulnerable households affected by the transition to climate neutrality;

Article 4(5)(m): energy availability and affordability, security of supply, energy security, energy efficiency including the 'energy efficiency first' principle, as well as strengthening of electricity grids and interconnections, with a view to building a genuine Energy Union **and promoting domestically produced energy;**

NEW article 4(5) **(ma) the role of zero- and low carbon renewable fuels in the decarbonization of transport, including road transport beyond 2030 and concrete measures to assist heavy duty vehicles manufacturers to reach their targets, taking into account European content;**

Article 4(5) (q) investment needs and opportunities, including access to public and private finance as well as support for innovation and access to innovative technologies across **all** Member States, **taking into account geographical balance;**

Article 4(8) Starting from ~~[~~one year after the adoption of this Regulation~~]~~ the Commission shall biennially assess and report on the implementation of the intermediate targets and decarbonisation trajectories set out in this Regulation, taking into account the latest scientific evidence, technological advances and evolving challenges to and opportunities for the EU's global competitiveness. The assessment may be accompanied, where appropriate, by legislative proposals.

NEW article 11 **(cb) the socioeconomic impacts including the effects on employment;**

NEW article 11 **(g) the flexibility for Member States to use high-quality international credits to fulfill up to 5 % of their post 2030 targets and efforts;**

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Article 11, second paragraph: The Commission's report shall be accompanied, where appropriate, by legislative proposals to revise this Regulation, including the intermediate 2040 target, and by additional measures to strengthen the initiatives concerning the enabling framework supporting the continued effective implementation of this Regulation, **in line with article 4(5), and securing EU competitiveness, prosperity and social cohesion**.

NEW Article 1a

Postponement of the operation of emissions trading for buildings, road transport and additional sectors

The operation of emissions trading for buildings, road transport and additional sectors set out in Chapter IV a of Directive 2003/87 is postponed until 2028. The rules set out in Article 30(k)(2) letters (a) to (e) of Directive 2003/87 shall apply. The provisions of Article 10a(8b) of Directive 2003/87 shall apply also in 2026.

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