



2025/0524(COD)

24.7.2025

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DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality
(COM(2025)0524 – C10-0137/2025 – 2025/0524(COD))

Committee on the Environment, Climate and Food Safety

Rapporteur: Ondřej Knotek

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▬ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

(COM(2025)0524 – C10-0137/2025 – 2025/0524(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2025)0524),
 - having regard to Article 294(2) and Article 192(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C10-0137/2025),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of [...]¹,
 - having regard to the opinion of the Committee of the Regions of [...]²,
 - having regard to Rule 60 of its Rules of Procedure,
 - having regard to the opinion of the Committee on Industry, Research and Energy,
 - having regard to the report of the Committee on the Environment, Climate and Food Safety (A10-0000/2025),
1. Rejects the Commission proposal;
 2. Calls on the Commission to withdraw its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ [OJ C 0, 00.00.0000, p. 0./ Not yet published in the Official Journal.]

² [OJ C 0, 00.00.0000, p. 0./ Not yet published in the Official Journal.]

EXPLANATORY STATEMENT

Context

On 2 July 2025, the European Commission presented a climate target for 2040 with reference to Article 4(6) of the European Climate Law, Regulation (EU) 2021/1119.

Specifically, the Commission proposes a new, additional binding target of reducing CO₂ emissions in EU Member States by 90% compared to 1990 levels, in addition to the existing binding targets of -55% CO₂ emissions by 2030 and -100% CO₂ emissions by 2050, based on 1990 levels.

According to the Commission's proposal, this very ambitious new target is to be cushioned by various, rather vaguely worded flexibilities to be defined in the future to enable the 2040 target to be achieved.

Firstly, these flexibilities are to include, from 2036, a possible limited contribution from international credits under Article 6 of the Paris Agreement, amounting to 3% of the EU's net emissions in 1990. Secondly, the role of permanent removals in the EU under the EU Emissions Trading System (EU ETS) should be taken into account. Finally, flexibility between sectors is also to be increased.

The inclusion of such clauses is a clear indication that the EU is finding it increasingly difficult to implement its own climate policy. The Commission's proposal also included additional elements to achieve the 2040 target such as technology neutrality, energy affordability, a just and fair transition, strengthening the EU's global competitiveness and other similar "evergreens" that the European Commission frequently uses, but without relevant details to make the Commission's proposals appear more realistic.

The rapporteur asked the European Commission for more details on how these elements would work in practice to achieve the proposed 2040 target, but the European Commission was not able to provide any relevant information.

The 2024 European elections have brought a new dynamic. Political groups that have sought a withdrawal or comprehensive rationalisation of the Green Deal have grown stronger, while those calling for an acceleration or continuation of the current course have become less powerful.

Since the elections, the European Commission has presented numerous corrective proposals, which are often a step in the right direction. These have been presented in the form of so-called omnibus legislative proposals, which include simplifications, later deadlines and the partial withdrawal of commitments in the interests of reducing bureaucracy. However, these minor pragmatic changes are overshadowed by parallel initiatives from the European Commission, such as the so-called Clean Industrial Deal, which represents a continuation of the Green Deal with its strategic mistakes, but pretends to do something for the EU's competitiveness. A new, additional binding EU emission reduction target for 2040 is an important pillar of this unfair game.

Global perspective

Competitors in third countries, particularly in North America and East Asia, but also in other parts of the world where there are no or less stringent laws to reduce CO₂ emissions, are gaining further ground, while companies in EU Member States are at risk of falling further and further behind. The EU contributes only about 7% to global emissions, while China and India, for example, together produce more than 40%, without comparable binding commitments.

The EU has already adopted binding targets for 2030 and 2050, accompanied by robust legislation full of concrete measures, including restrictions and limitations.

While the majority of global actors, including the EU's main competitors, have not yet enshrined their emission reduction commitments in a legally binding framework, the EU is aiming for a third binding target, with two already in place. This puts the EU at risk of becoming the only major economic bloc in the world with a legally binding target for 2040. This is another proof of how the EU is pushing in an absurd and damaging approach, which prioritises ideological ambitions over pragmatic policy-making.

Relevance of setting binding a target for 2040 in view of COP30 in Belém

The rapporteur considers the urgency of adopting a binding target for 2040 ahead of COP 30 to be unjustified. Under the Paris Agreement, the EU is committed to presenting its updated NDC target for 2035 (not a legally binding target). However, this can clearly be done within the existing legal framework. And the EU is definitively not obliged to commit to a legally binding target for 2035 or 2040 in order to be able to present a non-legally binding commitment at COP30 in Belém. After all, will the United States, India or China incorporate new legally binding targets for 2035 or 2040 into their legislation? That is unlikely.

Impact of the 2040 target

The Commission's proposal aims to supplement existing legislation with a legally binding climate target for 2040.

Looking back, after adopting the legally binding 2030 target, the Commission proposed the "Fit for 55" package that included draconian measures such as extending the ETS to households and SMEs (known as ETS2), setting a path towards a more expensive industrial ETS1, introducing a so-called "ban" on new cars with combustion engines, and many other questionable measures that will make people pay more and undermine the competitiveness of the EU industry worldwide.

It is to be expected that, if the new 2040 target were to be adopted, the upcoming „Fit for 2040“ legislative package would entail further cost increases and obligations not only for the Member States but also for economic sectors and regions.

These risks are shared not only by many policymakers, but also by economic sectors with energy-intensive industries. It is feared that such measures will inevitably lead to a further tightening of the EU ETS and an increase in the price of emission allowances, which – combined with the phasing out of free allowances – will have devastating consequences for energy-intensive industries. The competitiveness of the EU economy, in particular that of

SMEs and sectors most at risk from carbon leakage, would suffer.

Serious concerns in this regard are also shared by different workers' organisations and trade unions.

It must be made clear at this point that the EU Member States cannot continue on this course without accepting massive economic, social and political upheaval. The risk of rising energy prices, a higher number of bankruptcies, relocations to third countries and job losses, particularly in energy-intensive industries, is a bitter reality. How long do we intend to ignore these risks?

Instead, we need a strong economy with strong European companies so that we have our own high-quality products and sound public finances, which form the basis for focusing on current challenges such as increased needs to invest in security and defence due to the uncertain geopolitical situation and the fight against illegal migration.

Understanding of Climate change

A word on science: Science is not unanimous – and climate models are uncertain. The recommendations of scientific bodies are neither infallible nor unanimous. The proposed targets are based on model scenarios with a range of variables and estimates. The actual development of the climate and technologies cannot be predicted 15 to 25 years in advance with sufficient certainty to base the economic strategy of an entire continent on it.

It is also very likely that other factors contribute to climate change. If we focus solely on human-made emissions in the EU Member States, we will reduce our ability to adapt to the elements of climate change caused by nature. An open scientific approach is needed.

What we suggest

The focus in the EU Member States must be clearly on adapting to climate change, with mitigation as a secondary priority.

Slow but steady progress is more sustainable than a forced rapid transition, which carries the risk of collapse. In terms of legally binding commitments, EU Member States have done much more than other countries. However, other countries are not following suit in a similar way. Unilateral commitments harm European citizens and companies.

A greater change can be achieved through further innovation, not regulation. A realistic EU climate policy must be compatible with global competitiveness and must not represent another round of drastic tightening.

Peace and security are unlikely to be climate neutral in the next decades. The EU and its Member States also have other priorities. Putting all eggs into one basket is not a solution for our continent.

The introduction of a new binding emission target for 2040 is therefore completely unnecessary and will not be replicated by a large majority of global players. We therefore recommend rejecting the European Commission's proposal.

We also recommend an urgent recalibration of existing EU climate policy, taking into account the EU's competitiveness, cost effectiveness and the different needs of individual Member States, regions and economic sectors.

It is crucial, that no new binding EU climate targets are proposed before the assessment of the achievement of the 2030 climate targets has been completed.

Conclusion

In summary, Europe is currently facing internal and external security challenges, economic challenges and a generally tense and uncertain geopolitical situation. Therefore, under these circumstances, the proposal to set a new, additional binding climate target for 2040 appears to be more of an ideological experiment without solid reasons and definitely not a realistic plan. The Commission's proposal seems even more inappropriate given that other major economies around the world have not implemented comparable targets for 2040. The EU wants to be a leader once again but we cannot see ourselves as a leader, if we are going alone in the wrong direction.

As rapporteur, I therefore call for this legislative proposal on the new, additional legally binding climate target for 2040 **to be rejected** in order to free up capacity for a clear change of course towards market-based, socially just and environmentally sound policies.

ANNEX: DECLARATION OF INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he included in his report input on matters pertaining to the subject of the file that he received, in the preparation of the draft report, prior to the adoption thereof in committee, from the following interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register¹, or from the following representatives of public authorities of third countries, including their diplomatic missions and embassies:

1. Interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register
Svaz chemického průmyslu České republiky (Association of Chemical Industry of the Czech Republic SCHP ČR)
GasNet, s.r.o.
Union of Entrepreneurs and Employers ZPP
The European Chemical Industry Council (CEFIC)
Eurochambers (Open letter to Executive Vice President Teresa Ribera)
Fuels Europe
Centre for Transport and Energy
French Federation for waste management and environmental services (FNADE)
The Spanish Association of Wall and Floor Tile Manufacturers (ASCER)
The European Ceramic Industry Association
Federchimica (The Italian Federation of the chemical industry)
The Federation of Austrian Industries (IV)
Ocelářské unie
Odborový svaz KOVO
U. S. Steel Košice, s.r.o.
ČEZ, a.s.
Svaz průmyslu a dopravy ČR
2. Representatives of public authorities of third countries, including their diplomatic missions and embassies
UK Mission to the European Union

The list above is drawn up under the exclusive responsibility of the rapporteur.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur declares that he has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

¹ Interinstitutional Agreement of 20 May 2021 between the European Parliament, the Council of the European Union and the European Commission on a mandatory transparency register (OJ L 207, 11.6.2021, p. 1, ELI: http://data.europa.eu/eli/agree_interinst/2021/611/oj).