FEEDBACK TO THE PUBLIC CONSULTATION ON THE EUROPEAN CLIMATE LAW AMENDMENT

15th of September 2025, Brussels. Carbon Gap supports the 90% emissions reduction target for 2040 in the revised European Climate Law (ECL). This target is foundational as it sets the trajectory to achieving the EU's 2050 climate neutrality and subsequent net negative emissions. The Communication on the 2040 climate target[1] and the European Scientific Advisory Board on Climate Change[2] both affirm that reaching this target requires not only deep emissions reductions but also a rapid scale-up of carbon removals.

A recent modelling exercise conducted by Carbon Gap and VTT Technical Research Centre of Finland reaffirms this demand, showing that between 452 and 625 $MtCO_2$ of total carbon removals will be required annually to meet the 90% net emission reduction target for 2040.[3] Given these ambitious needs, the EU must establish clear CDR incentives without delay. The revised ECL is a crucial instrument, as it will shape Europe's climate and industrial policy trajectory for the next 15 years.

To ensure the revised ECL upholds EU climate integrity, provides investment certainty, and fosters European leadership in carbon management, Carbon Gap has three key recommendations.

1. **Distinct contributions of gross emissions reductions, permanent removals and temporary (land-based) removals towards the net 90% target, with separate accounting**.

The revised ECL must mandate distinct accounting for gross emissions reductions, permanent removals, and land-based removals. This separation is essential to create clarity for subsequent laws that will define specific contributions for each pathway. Such certainty will sustain financing for industrial decarbonisation and attract investment in permanent removal technologies. It will also provide a transparent framework for Member States to track and report their progress towards the 2040 target, and all future climate objectives.

Our scenario modelling using a portfolio of CDR methods confirms that clearly defined 2040 targets for gross emissions reductions, temporary removals, and permanent CDR are achievable and essential to deliver climate integrity, policy clarity, and investment certainty.

[1] COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Securing our future Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society
COM/2024/63 final

[2] European Scientific Advisory Board on Climate Change (ESABCC). Scaling up carbon dioxide removals Recommendations for navigating opportunities and risks in the EU. (2025) DOI:10.2800/3253650

[3] Carbon Gap (2025) Divide to Deliver: Why 2040 Separate targets for carbon removal are feasible and necessary to reach EU net-zero – Technical analysis.

According to the modelling, temporary removals can deliver up to around 350 $MtCO_2$ per year by 2040 with successful LULUCF measures. The EU must plan for the remaining gap with a credible permanent CDR strategy. Depending on how emissions evolve, the EU will need between 100–280 $MtCO_2$ per year of permanent removals by 2040 — far more than the 75 Mt presented in the Commission's Impact Assessment.[4]

No single method can deliver at scale, so a diverse portfolio of CDR methods is required to manage costs, timing, and risk.

2. **Recognise the need for CDR incentives beyond the EU ETS integration**

While the EU ETS can drive initial demand for permanent carbon removals, ETS integration alone will not build a globally competitive CDR sector because it was not designed for this purpose. Reaching the required CDR volumes calls for a broader policy mix that supports a portfolio of permanent methods.

Firstly, a separate Removal Compliance System (RCS) designed for CDR should complement the ETS integration. Secondly, complementary measures directed to CDR, such as public procurement and contracts for difference would strengthen investment confidence and accelerate deployment. Carbon Gap welcomes the Commission's work on public procurement and remains ready to work with them to support its development. Anchoring these tools in frameworks like the Clean Industrial Deal would ensure timely delivery.

The Climate Law is the vital cornerstone for a cohesive CDR sector. To deliver the necessary volumes on time, the ECL must provide a clear and explicit mandate for policies that stimulate demand, incentivise supply, and establish a robust governance framework for carbon removals. Without this foundational signal, regulation will remain fragmented, undermining investment confidence and making it difficult to achieve Europe's climate goals.

3. **Allow international carbon credits for increased ambition and higher levels of transparency as required by the Paris Agreement. Any reliance on international credits needs to follow clear guardrails.**

Carbon Gap agrees that international credits may be included in the second half of the decade. However, their inclusion must be additional to domestic reductions of emissions by 90% and follow stringent guardrails to prevent mitigation deterrence domestically and abroad.

A clear distinction is essential to prioritise domestic action while still leveraging international cooperation to increase ambitions globally, or by individual European countries. We stress the need to ensure procedural integrity by establishing consistent and harmonised processes

[4] European Commission. *Impact Assessment on a 2040 Climate Target.* CELEX: 52024SC0063 (2024). https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52024SC0063

across all Member States to ensure that differing national targets and capacities are captured accurately. It is imperative to follow previously agreed timelines and procedures to ensure transparency within the EU and towards the multilateral Paris stock take processes.

We welcome the Commission's commitment to a proper impact assessment and look forward to further engagements in this regard. In line with safeguards stressed above, international credits must follow stringent quality benchmarks. The standards put forth under Article 6 of the Paris Agreement are good benchmarks, but as the Article 6 frameworks allows for varied credit use cases and claims, we deem further work on specific quality standards applied towards clear use cases crucial. The impact assessment further needs to be reflecting holistic criteria over timeframes longer than the 2036-2040 period and including net-negative emissions ambitions by the EU post 2040. Carbon removals emerge as a prominent case for international carbon credits, both in terms of European framework leadership as well as credit quality deemed necessary.