

PRESS RELEASE

2040 TARGETS AND GREEN CLAIMS: COUNCIL HIGHLIGHTS CARBON REMOVAL IN DISCUSSIONS ON KEY POLICIES FOR THE NEXT DECADE OF EU CLIMATE ACTION

Key takeaways:

- The discussion on the 2040 climate target showcased the increasing recognition among member states of the role of carbon removal in the EU's climate framework.
- The Council's position on Green Claims expands disclosure requirements related to the use of carbon credits but only partially recognises the key role of carbon removals for compensation claims, especially in the case of fossil emissions.
- Both policies are instrumental in ensuring a greater role for carbon removals in the EU climate policy – a requisite for reaching climate neutrality.

Brussels, 17 June 2024 – Today, EU environment ministers in the Council discussed Europe's climate ambition for the 2030 decade, six months after the Commission [recommended a 90% net GHG reduction target](#) compared to 1990 levels. The Council also adopted its [position on the Green Claims Directive](#), which clarifies the rules companies must follow to substantiate and communicate their climate claims, aimed at curbing greenwashing.

Both the 2040 targets and Green Claims have the potential to shape Europe's emerging carbon dioxide removal (CDR) sector for the years to come. Carbon Gap welcomes today's developments and calls on member states to ensure that they continue building an enabling framework for CDR at the EU level as a condition to achieve Europe's ambitious climate goals.

2040 climate target – Council's debate acknowledges the role of CDR towards climate neutrality, with calls for separate targets for permanent and land-based removals

In the context of climate targets, member states were split on the role of carbon removal. Several countries, such as Luxembourg and France, have signalled support for separate targets for high-durability and land-based removals in the 2040 framework. Others, like the Netherlands, Sweden, and Germany, recognised the crucial

role of CDR yet remained hesitant to endorse the call for targets at this stage. Finally, a few member states expressed caution about the feasibility of CDR, citing socio-economic differences.

Carbon Gap welcomes the Council's growing focus on establishing enabling conditions for a prosperous, competitive European CDR sector, in line with the scientific consensus.

"There is no net zero without carbon removal. CO₂ removal methods will enable the EU to address remaining emissions – those emissions that are technologically or financially infeasible to reduce. However, mature, environmentally-sound removals will not emerge spontaneously ready for deployment a year prior to the 2050 deadline. They require financial and regulatory planning at an early stage, starting with a separate 2040 target", explains Anna Costova, Senior Policy Analyst.

Carbon Gap calls for a Union-wide CDR target as the simplest and most efficient way to address the risk of mitigation deterrence. The Council must set a clear direction for the European Union by defining the contribution of removals to the 2040 net target and beyond, to emphasise that emissions reductions must continue as the foremost climate action, complemented by carbon removal. A CDR target would also lay the groundwork for the sector's development, providing much-needed certainty to member states and the private sector. Furthermore, differentiating between high-durability and land-based removals will safeguard the integrity of Europe's land sinks, ensuring they do not suffer the pressure of compensating for fossil emissions.

Green Claims – Council's position solidifies transparency on climate claims but fails to recognise key role of removals and introduce effective guardrails on compensation

The adoption of the Council's general approach on the Green Claims Directive offers a welcome step towards increasing transparency of corporates' climate claims that rely on carbon credits and towards clarifying the role of CDR. This Directive is expected to help drive demand for high-quality removals and complement the EU governance on CDR uses following the adoption of the Carbon Removal Certification Framework ([CRCE](#)).

At the same time, the Council's position **lacks stringency by allowing companies to rely on emissions reduction credits to claim to have neutralised their emissions.**

Such practices go against the IPCC's definition of net zero and undermine the credibility of compensation claims. Moving into the final stage of negotiations, we

urge the co-legislators to uphold the European Parliament's position whereby compensation claims can rely **exclusively on carbon removal credits** certified by the CRCF and similar schemes.

Crucially, for compensation claims, the Council's position fails to acknowledge the different timescale of carbon storage. Companies should be required to exclusively use **permanent carbon removals to compensate for their fossil emissions**, following the [like-for-like principle](#).

"Applying the like-for-like principle to all compensation claims in the Green Claims Directive would bar companies from falsely offsetting their fossil emissions with lower-durability removals. We call on the co-legislators to address this loophole in the trilogues as a key provision to foster demand for high-integrity carbon removals and allow sound climate claims," said Matteo Guidi, Associate Policy Lead.

Carbon Gap welcomes the progress made in connecting the Directive with the EU sustainability reporting framework. Notably, companies making net zero claims will need to demonstrate to have set a net zero target as set out in the European Sustainability Reporting Standards (ESRS) and to be on a decarbonisation pathway to meet the target. This stronger wording helps to ensure that corporates' climate claims are used principally towards hard-to-abate emissions and do not replace efforts to reduce emissions across their value chains.

Next steps

The adopted position on the Green Claims Directive will form the Council's mandate for the trilogue negotiations with the Parliament and the Commission, expected to commence either at the end of the year or at the beginning of 2025.

The policy debate on the 2040 climate target will feed into the Commission's work on the European Climate Law revision, the proposal for which is planned for Q1 2025.

NOTES FOR EDITORS

[Carbon Gap](#) is an independent, philanthropically funded non-profit organisation focused on responsibly scaling up carbon dioxide removal in Europe, as an important complement to emissions reductions.

Useful materials

- [Press release](#) - EU 2040 plans acknowledge essential role of carbon removal in reaching higher climate ambition

- [Analysis](#) - From label to court: navigating European case law on corporate climate claims
- [Press release](#) - European Parliament's report improves rules on organisational climate claims

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