Finnwatch feedback to
European Commission
September 12th, 2025

Feedback on European Climate Law amendment

The European Climate Law is the cornerstone of climate action in the EU and its member states. In light of the recent opinion from the International Court of Justice ICJ and the relentless progression of disastrous effects from climate change, the policymakers should recognize their important role while amending the Law and setting the future targets. As the ICJ states:

“The climate change treaties set forth binding obligations for States parties to ensure the protection of the climate system and other parts of the environment from anthropogenic greenhouse gas emissions.”

The proposal risks falling short from what can be considered the fair share for the EU. The proposed level of 90 percent reduction by 2040 is from the lower end of the scientific recommendation from the ESABCC. The EU should strive for more and should try to avoid a similar revision that was needed for the 2030 target as it proved to be inadequate.

The proposal for a “limited use of high-quality international credits under Article 6 of the Paris Agreement in the second part of the 2030-2040 decade” can serve as an interesting opportunity of increasing flexibility and driving forward climate action beyond EU borders. However, as the ambitious phrases in the proposal such as “limited use”, “high-quality” or “transformative activities” are not defined, it is difficult to support the approach of achieving three percent of the target with such measures.

Also, in June 2025 the ESABCC advised “against using international carbon credits to meet the 2040 target, as they risk diverting resources from domestic investments and could undermine environmental integrity”. Finnwatch recommends that this scientific advice is taken into account and the EU should set a reduction target of 90 percent that will be achieved on domestic action only (i.e. without the use of international credits). However, the commission should set a separate target beyond 90 percent to be achieved with the international credits. Ideally, this target for 2040 should be ten percent and thus deliver carbon neutrality by then. After achieving this target the EU should pursue to achieve domestic carbon neutrality no later than 2050 by continuously decreasing domestic emissions, increasing domestic removals and addressing any residual emissions with international units.

Finally, the proposal refers to a future “role of domestic permanent removals (...) in the EU ETS” to “enhanced flexibility across sectors”. While this may be a necessary measure in the long term to “compensate for residual emissions from hard to abate sectors” and in achieving carbon neutrality, the priority should be in ensuring that the EU ETS continues to drive forward effective emissions reductions. The negative effects of allowing the use of CDM credits (i.e. quality issues and oversupply at a low price) in the early days of the EU ETS should be kept in mind.

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Any possible linkage of removals into the EU ETS must be coupled with an equivalent or larger reduction of emission allowances (i.e. cap) to ensure that such credits are used instead of regular emission allowances and not in addition to the other allowances, which would lead to additional emissions. The integration must include an extensive ex-ante analysis and a long phase-in period during which the use of removals is limited to a small share of emissions allowances. And as proposed, there should be a strict requirement that these removals are domestic (i.e. no international credits) and permanent (i.e. not just with pre-defined permanence period). A possible integration of EU ETS and Article 6 market should not be even considered before there is ample evidence and experience from the function of the Article 6 market. This rules out such integration for the time period in question (2030–2040).

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