

# Natural Resources PC

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## 90 pct reduction in EU GHG emissions, the new EU binding target for 2040

### An initial assessment

*Vasili Nicoletopoulos, Feb 10, 2026*

Today, Feb 10, the European Parliament has backed a political agreement with the Council of the EU to amend the European Climate Law by adding a new binding target for 2040: a 90 % reduction in net greenhouse gas [GHG] emissions across the EU, relative to 1990 levels. This builds on the EU's existing climate goals of –55 % by 2030 and climate neutrality by 2050.

In recognition of different national circumstances and to make the goal more politically feasible, the text includes several flexibilities:

- International carbon credits: From 2036, up to 5 percentage points of the 2040 reduction may come from “high-quality” international carbon credits — units generated outside the EU under strict criteria — meaning up to 85 % must be domestic cuts.
- Domestic carbon removals: Permanent carbon removal activities inside the EU [e.g., enhanced soil/forest carbon storage] can be used to compensate for “hard-to-abate” emissions under the EU Emissions Trading System [ETS].
- Emissions Trading System changes: The planned ETS2 — covering emissions from buildings and road transport — is deferred by one year [to 2028].

The European Commission will assess progress toward the 2040 target every two years, taking account of the latest science, technology developments, energy prices, and competitiveness considerations. Based on these reviews, it may propose adjustments to the Climate Law if needed.

The provisional political agreement now needs formal endorsement by both the European Parliament and the Council. Once published in the Official Journal of the EU, the amended law will enter into force.

### Key Contentious Points

#### 1. Use of International Carbon Credits

Allowing up to 5 % of emissions cuts via international carbon credits can lower costs, help achieve the target efficiently, and recognise global cooperation on climate action.

However, environmental NGOs and scientists argue that many carbon credits historically have questionable climate integrity [‘junk offsets’], meaning they may not represent real or additional emission reductions — undermining the environmental ambition.

This is one of the most debated parts of the law, as environmental groups see it as diluting ambition, while some governments see it as a necessary flexibility to make the target achievable.

## **2. Economic Competitiveness & Industrial Impacts**

Some member states and industry bodies have argued that an aggressive –90 % target could harm EU competitiveness, drive up energy costs, and risk “de-industrialisation” as companies face steep carbon costs without comparable standards globally.

Debates around ETS reform — including whether to phase out free permits or link them to low-carbon investment — reflect deeper tensions about protecting industry while decarbonising.

## **3. Domestic Versus International Efforts**

The balance between domestic emissions cutting and reliance on external credits or removals is politically sensitive:

Pro-ambition voices want more stringent domestic action and fewer offsets.

Others argue that strategic use of credits and removals can reduce social and economic costs.

## **4. Delays and Implementation of Supporting Measures**

Postponing ETS2 and staging implementation steps [e.g., reviews, phase-ins] has been justified as pragmatic — but opponents worry that such delays may weaken the overall policy momentum needed to stay on track for 2040.

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