



ENVIRONMENT COUNCIL

Luxembourg, 20 June 2016

Chair: **Sharon Dijksma**, the Dutch Minister for the Environment

European Commission representation: Commissioners **Karmenu Vella**, **Miguel Ángel Arias Cañete**, **Vytenis Andriukaitis**

Starting time: 10:00

Ministers will hold a policy debate on the **revision of the emissions trading system (ETS)**, the EU's main tool to reduce greenhouse gas emissions. The Commission presented its proposal in July 2015 and the Council is currently analysing the text. Based on a paper prepared by the presidency assessing the state of play of the discussions and two questions for the debate, ministers are invited to reflect on the way forward for this file.

Ministers will adopt a statement on the **ratification of the Paris Agreement**, the global legally-binding agreement on climate change agreed in December 2015. The Commission will present its proposal for a Council decision on the conclusion on behalf of the EU of the Paris Agreement.

The Council will also take stock of the state of play regarding the proposed directive on the reduction of national emissions of certain **atmospheric pollutants**, the so-called NEC directive.

Council conclusions will be adopted on the EU action plan for the **circular economy**, which aims to reduce waste and maintain the value of products, materials and resources in the economy for as long as possible. The Council conclusions intend to provide the Commission with guidance for the implementation of this action plan.

The Council will also adopt conclusions on the EU action plan against **wildlife trafficking**. The aim is to call upon the Commission, member states and other actors to raise awareness and step up action to fight illegal wildlife trafficking, including poaching of protected species.

Under any other business, the Council will address NOx **emissions by diesel cars** and **endocrine disruptors**, among other issues, and the Slovak delegation will present its working programme as incoming presidency (July-December 2016).

Press conference: +/- 18:00

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¹ This note has been drawn up under the responsibility of the press office.

CLIMATE CHANGE

Review of the EU emissions trading system

Ministers will hold a policy debate on the **revision of the EU emissions trading system (ETS)**. The presidency has prepared a note explaining the **state of play** and the main policy choices that need to be made. Ministers are invited to express whether they agree on the proposed way forward as suggested by the presidency. They are also invited to assess whether the proposed revisions make the EU ETS future-proof, with regard to the global climate objectives of the Paris Agreement.

Ministers' contributions during the meeting will serve as **political guidance** for the Council to take discussions forward on this file, with a view to setting out the Council's position at a later stage.

[Review of the EU ETS - Policy debate, June 2016 - Presidency document](#)

Timeline and next steps

The **European Council**, in its conclusions of October 2014, established the main elements of the review of the EU ETS. Based on these agreed guidelines, the **Commission** presented its proposal for a directive in July 2015. As it is an **ordinary legislative procedure**, this proposal needs to be discussed by the **Council** and the **European Parliament**, with a view to agreeing a final text. Neither institution has fixed its position yet.

The EU ETS

The emissions trading system is one of the main instruments of EU's policy to **fight climate change**. It aims to **reduce greenhouse gas emissions** in a **cost-effective** way.

The system, launched in 2005, works by putting a **limit** on overall emissions from high-emitting industry sectors. Within this limit, which is reduced each year, companies can **buy and sell emission allowances**. Each allowance gives them the right to emit one tonne of CO₂, the main greenhouse gas, or the equivalent of another greenhouse gas. This approach is intended to incentivise companies to cut their emissions in a cost-effective way.

Although **auctioning** is the default method for allocating emission allowances to companies, some sectors of industry receive a share of allowances for free. **Free allocation** is carried out on the basis of greenhouse gas emissions performance benchmarks, which reward best practice in low-emission production.

Main elements of the Commission proposal

- Currently the cap on overall emissions in the system is reduced annually by 1.74%. From 2021, the **annual reduction will be 2.2%**
- **Free allocation** and measures to prevent the risk of **carbon leakage** will continue after 2020 (aiming to ensure that free allocation is focused on the sectors at highest risk of relocating their production outside the EU)
- **Benchmarks** used to determine free allocation will be adjusted following new rules (which aim to better align the amount of free allocation with production levels)
- From 2021 onwards, the share of allowances to be **auctioned** shall be **57%**
- A '**modernisation fund**' will support investments in modernising energy systems and improving energy efficiency in member states with a GDP per capita below 60% of the EU average. From the total allowances, **2%** shall be auctioned to finance this fund.

- Low-income member states will also have the **option to give transitional free allocations** to installations for the modernisation of the energy sector.
- 400 million allowances will be available to support **innovation** in low-carbon technologies, CO2 capture and geological storage (CCS) projects and innovative renewable energy technologies from 2021 onwards. Moreover, 50 million allowances from phase 3 (2013-20) can be used for such projects before 2021.
- The **revenue** from emissions trading may be allocated, among other ends, to support sectors at risk of carbon leakage, as climate finance for vulnerable countries and to fund training and reallocation of workers affected by the transition to a decarbonised economy.

[Council website: Reform of the EU emissions trading scheme](#)

[European Council \(23 and 24 October 2014\) - Conclusions](#)

[Commission's proposal for a review of the EU ETS](#)

The Paris Agreement

The Council will adopt a statement on the **ratification of the Paris Agreement**, the global legally-binding agreement on climate change agreed in December 2015. The aim is to give a strong and clear political message on the EU's commitment to maintain the Paris momentum and work towards early entry into force and effective implementation of the Paris Agreement.

[Draft Council statement on the ratification of the Paris Agreement](#)

The Commission will present its proposal for a Council decision on the conclusion on behalf of the EU of the Paris Agreement, adopted on 10 June 2016. The Council will take note of the information, with a view to consider the proposal later on.

[Proposal for a Council decision on the conclusion on behalf of the EU of the Paris Agreement](#)

The Paris Agreement

The Paris Agreement is a global, legally-binding instrument adopted by 195 countries on 12 December 2015 in Paris, during the UN climate change conference widely known as COP21. This agreement sets out the framework for global action on climate change. It was signed by 175 countries, including the EU and its 28 member states, on 22 April 2016 in a high-level ceremony in New York; more countries have since signed.

Its main elements are:

- It aims to keep the increase in global average temperature to **well below 2°C** above pre-industrial levels and pursue efforts to limit it to **1.5°C**.
- It also aims at increasing countries ability to deal with climate impacts (**adaptation**) and to recover from them (**loss and damage**).
- Countries shall submit comprehensive **national climate action plans** to reduce their emissions. These so-called nationally determined contributions (NDCs) are to be communicated **every five years**, to allow for a gradual increase of ambition.
- To ensure **transparency** and oversight, the parties to the agreement agree to report on their progress in implementing their targets.
- Developed countries commit to continue providing **climate finance** to assist developing countries, both to reduce emissions and to build resilience to climate change impacts, and other countries are encouraged to provide or continue to provide support too.

Formal negotiations on the implementation of the Paris Agreement started in May 2016 in Bonn (Germany) and will continue at COP22, to be held in Marakesh (Morocco) in November 2016.

[Paris Agreement](#)

Ratification of the Paris Agreement

The agreement will **enter into force** 30 days after at least 55 countries accounting for at least 55% of the total global greenhouse gas emissions have **ratified the agreement**.

In March 2016, the European Council underlined the need for the EU and its member states to be able to **ratify** the Paris Agreement **as soon as possible and on time so as to be parties as of its entry into force**.

[European Council \(March 2016\) - Conclusions](#)

EU emissions reduction target

In its October 2014 conclusions, the European Council agreed on the 2030 climate and energy policy framework for the EU and endorsed a binding target of a reduction in greenhouse gas emissions of **at least 40% by 2030 compared with 1990**. The target is to be delivered **collectively** by the EU in the most cost-effective manner possible, with all member states participating in this effort, balancing considerations of fairness and solidarity. The conclusions also specify that the reduction shall amount to 43% in the **ETS sectors** and to 30% in **non-ETS sectors**, in both cases by 2030 compared with 2005.

[European Council \(October 2014\) - Conclusions](#)

EU policies on climate

The implementation of the EU's action on climate includes the legislative proposal to revise the EU **Emissions Trading System (ETS)**. This proposal, presented by the Commission in July 2015, is currently being considered by the Council and the European Parliament.

Proposals on the **Effort-Sharing Decision** (regarding sectors not covered by the ETS) and on the integration of the land use, land use change and forestry sector (**LULUCF**) are expected to be presented by the Commission in July 2016. Other initiatives to implement the EU 2030 climate and energy framework will be presented later in 2016 and in 2017.

[Timeline - A new global climate change agreement](#)

[Council website: International agreements on climate action](#)

[Council website: Tackling climate change in the EU](#)

ENVIRONMENT

Reduction of national emissions of pollutants

The Council will take stock of the state of play regarding the proposed directive on the reduction of **national emissions of certain pollutants**, the so-called NEC directive.

[NEC directive - State of play - Presidency note](#)

New national caps on pollutants

This proposed directive reviews the existing requirements on the annual capping of national emissions of air pollutants in the previous NEC directive (Directive 2001/81/EC). It establishes **new national reduction commitments applicable from 2020 and 2030**. Limits apply for the **four pollutants covered** in the previous directive: sulphur dioxide (SO₂), nitrogen oxides (NO_x), volatile organic compounds (NMVOC) and ammonia (NH₃); as well as for fine particulate matter (PM_{2.5}), in line with new international commitments (Gothenburg Protocol). The Commission also proposes to introduce caps for methane (CH₄). Moreover, it proposes non-binding intermediate emission levels for the year 2025.

The main aim is to address the remaining **health risks and environmental impacts** posed by air pollution. The directive also intends to align EU law with **international commitments** (following the revision of the Gothenburg Protocol in 2012).

The objective is to move towards the air quality related objectives set out in the 7th Environment Action Programme (EAP) to ensure that by 2020 outdoor air quality in the EU has significantly improved and is closer to the World Health Organization (WHO) recommended levels. Air pollution is the most significant environmental cause of death in the EU, causing **400 000 premature deaths each year**.

Timeline and next steps

The Commission presented its proposal as part of the air quality package in December 2013. As it is an **ordinary legislative procedure**, this proposal needs to be discussed by the **Council** and the **European Parliament**, with a view to agreeing a final text. The European Parliament voted amendments on the proposed directive in October 2015, but has not voted the resolution on the proposal yet. The Council agreed on a general approach in December 2015. The text is currently being discussed in trilogues (i.e. informal meetings with representatives from the Council, the European Parliament and the European Commission) with a view to reaching an agreement at first reading.

[Press release - 16 December 2015 - National emissions of air pollutants: Council agrees its position on new limits](#)

[Commission proposal for a directive to reduce national emissions of pollutants](#)

[Council website: Revised national emission ceilings \(NEC directive\)](#)

[Council website: The clean air package: Improving Europe's air quality](#)

Circular economy

Council conclusions will be adopted on the EU action plan for the **circular economy**, which aims to reduce waste and maintain the value of products, materials and resources in the economy for as long as possible. The conclusions intend to provide the Commission with guidance for the implementation of this action plan.

The aim of the action plan is to stimulate Europe's **transition towards a circular economy**, more sustainable and competitive than the current model. It introduces measures to cut resource use, reduce waste and boost recycling.

The Council is expected to adopt council conclusions that support the aim of the Commission's action plan and express commitment to making the transition to a circular economy. The Council will give guidance to the Commission on how to proceed with many of the actions in the plan and also set out how the Council intends to follow-up on the plan, to maintain momentum.

[Draft Council conclusions on the EU action plan for the circular economy](#)

What is the circular economy?

It is a proposed new model to replace the linear model of economic growth. It aims to reach **sustainable growth** by minimising waste and maintaining the value of products, materials and resources in the economy for as long as possible.

Considering that many natural **resources are finite**, a new environmentally and economically sustainable way of using them is needed. As the **cost of raw materials** constitutes a significant part of production costs, there is room to improve competitiveness by making the best possible use of resources. In a circular economy EU businesses will be better protected against **scarcity** of resources and **volatile prices**.

The new model can create secure **jobs** in Europe and boost the EU's **competitiveness** by creating new business **opportunities**, promoting **innovation** to give a competitive advantage and fostering more **efficient** methods of production and consumption. At the same time, the transition will reduce the **environmental footprint** often associated with economic growth.

The action plan

To support the transition to a this new, circular model, in December 2015 the European Commission presented the circular economy package. This package contains, besides four legislative proposals to revise waste legislation, an action plan that sets out **measures to "close the loop"** of the circular economy. This action plan therefore intends to tackle **all phases in the lifecycle of a product**, including design, production, consumption and waste management. It also aims at improving the market for secondary raw materials and addresses a number of specific sectors. All in all, the measures should lead to both increased competitiveness and more sustainable consumption and production.

Key **actions** included in the plan are:

- actions to reduce food waste including a common measurement methodology, improved date marking, and tools to meet the global Sustainable Development Goal to halve food waste by 2030
- development of quality standards for secondary raw materials to increase the confidence of operators in the single market
- measures in the Ecodesign working plan for 2015-2017 to promote reparability, durability and recyclability of products, in addition to energy efficiency
- a revised regulation on fertilisers, to facilitate the recognition of organic and waste-based fertilisers in the single market and support the role of bio-nutrients
- a strategy on plastics in the circular economy, addressing issues of recyclability, biodegradability, the presence of hazardous substances in plastics, and the Sustainable Development Goals target for significantly reducing marine litter
- a series of actions on water reuse including a legislative proposal on minimum requirements for the reuse of wastewater

The action plan includes a timeline for the actions proposed and a plan for a monitoring framework for the circular economy.

[Closing the loop - An EU action plan for the Circular Economy](#)

[\(Annex\) Closing the loop - An EU action plan for the Circular Economy](#)

Wildlife trafficking

The Council is expected to adopt conclusions on the EU action plan against **wildlife trafficking**, presented by the European Commission in February 2016. These conclusions express deep concern about the developments in wildlife trafficking and call for stepping up action to counter wildlife trafficking, along the lines of the EU action plan.

The text calls upon the Commission, the High Representative, the member states, Europol and Eurojust to raise awareness and step up action. The aim is to prevent and fight illegal wildlife trafficking, including poaching of protected species, in a comprehensive and coordinated manner, involving countries of source, transit and destination.

[Draft Council conclusions on the EU action plan against wildlife trafficking](#)

The challenge of wildlife trafficking

Wildlife trafficking is not a new phenomenon, but its scale, nature and impact have changed considerably in recent years. Poaching has reached unprecedented levels for some species, and the world is currently facing a **dramatic surge in wildlife trafficking**.

It has become one of the most **profitable criminal activities** worldwide and has a **devastating effect on biodiversity** as well as negative impact on the rule of law due to its close links with **corruption**. Its role in financing militia and terrorist groups has been mentioned in the recently proposed EU action plan on the fight against **terrorist financing**.

The role of the EU

The EU has an important role to play in addressing trafficking, as Europe is currently a **destination market**, a hub for trafficking in **transit** to other regions, as well as, for some species, the **source** region for illegal trade.

The EU action plan

The EU action plan comprises a series of measures to be taken by the EU and the member states. These measures, designed to address a complex problem in a comprehensive manner, are based on three priorities:

- **preventing** wildlife trafficking and addressing its **root causes**
- better **enforcement** of rules and combating organised wildlife crime more effectively
- strengthening the **global partnership** against wildlife trafficking

[EU action plan against wildlife trafficking](#)

[The EU approach to combat wildlife trafficking \(European Commission\)](#)

Any other business

NOx emissions by diesel cars

The presidency will inform the Council on this matter, including on the recent debate at the TTE Council on transport regarding defeat devices.

[NOx emissions by diesel cars - Information from the presidency](#)

Endocrine disruptors

At the request of the French delegation, the Commission will inform the ministers of the state of play regarding endocrine disruptors.

[Endocrine disruptors - Information from the Commission requested by the French delegation](#)

[Endocrine disruptors – Information from the Commission](#)

Global amphibian deaths (salamanders and newts)

The German and Belgian delegations will inform the ministers on the situation regarding global amphibian deaths and how to combat the fungus *Batrachochytrium salamandrivorans* (Bsal) that is infecting salamanders and newts in the EU.

[Global amphibian deaths - Information by German and Belgian delegations, with the support of Luxembourg delegation](#)

Environmental implementation review

The Commission will brief the ministers on its communication on the environmental implementation review, adopted on 27 May 2016.

[Information on the environmental implementation review and the Commission's communication](#)

High-level meeting 'Make it work'

The presidency will report on the high-level meeting 'Make it work' that took place in Amsterdam on 4 April 2016 and on its follow-up.

[Presidency note on "Make it work"](#)

Policy conference 'REACH forward'

The presidency will inform the ministers on the policy conference 'REACH forward' that took place in Brussels on 1 June 2016.

[Presidency note on 'REACH forward'](#)

Recent international meetings

Ministers will be informed by the presidency and the Commission on some recent international meetings:

- High level meeting (Montreal, Canada 11-13 May 2016) and preparations for the ICAO assembly (Montreal, Canada, 27 September - 7 October 2016)
- Second session of the United Nations Environment Assembly of the United Nations Environment Programme (Nairobi, Kenya, 23–27 May 2016)
- Eighth Environment for Europe Ministerial Conference (Batumi, Georgia, 8–10 June 2016)

Informal meeting of environment and transport ministers

The presidency will brief the Council on the informal meeting of environment and transport ministers that took place in Amsterdam on 14-15 April 2016.

[Informal meeting of environment and transport ministers \(14-15 April 2016\) - Information from the presidency](#)

[Informal meeting of environment and transport ministers \(The Netherlands presidency\)](#)

Work programme (July-December 2016)

The Slovak delegation will inform the ministers of its work programme for the coming months as the next member state to hold the presidency.

[Slovak presidency website](#)

