



# ETS2 and the 2040 climate target



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The EU will not meet its 2040 or 2050 climate target without the ETS2. In accordance with the EU Climate Law, the bloc must legally achieve climate neutrality by 2050. By 2030, an interim target is in place to achieve a 55% reduction in greenhouse gas emissions compared to 1990 levels. At the time of writing, the political process to set an interim 2040 climate target is underway. In July 2025, the European Commission released its proposal for a 90% emissions reduction by 2040 vs 1990 levels but with a [worrying long list of 'flexibilities' for member states to avoid their responsibility to combat climate change.](#)

Any weakening of the ETS2 will have to be compensated by increasing total emission reductions from ETS1 or non-ETS sectors to remain in line with the EU 2040 climate target. This concerns predominantly industrial and agricultural sectors where additional emission reductions come with their own set of political and societal challenges.

It is important to reaffirm that while the ETS2 is considered essential to meeting the EU's climate targets, it will only work as a central part of a policy mix. The 2021–2030 ESR sets out national targets for each member state to contribute to emissions reductions based on solidarity and fairness with wealthier nations with a greater level of historic emissions needing to contribute a larger share of CO<sub>2</sub> reductions. The ESR should be extended beyond 2030 to continue incentivising member states to design and deliver complementary climate policies at local and national level to fulfil their specific needs and push for ambition supported by the ETS framework.

## Publishing information

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