

# International credits in the EU's 2040 target

March 2026



# Recap

- The agreed **amendment of Climate Law** allows the use of high-quality international credits. Comes with important requirements, among others:
  - An adequate amount of up to 5% of 1990 emissions, which would correspond to 85% domestic net reductions, from 2036 onwards
  - Achieve **ambition** and **cost-efficiency**
  - Consider a **pilot period** for 2031-35
  - Ensure safeguards for **credit integrity**, partners' adherence to Paris Agreement, and human rights and social co-benefits
  - Promote the Union's technological Leadership
- These requirements now need to be appropriately reflected in the Commission's work for a framework to meet the EU's 2040 climate target



# Amended climate law

An adequate contribution towards the 2040 climate target of high-quality international credits [...] in a way that is both ambitious and cost-efficient, supporting the Union and third countries in achieving net greenhouse gas reduction trajectories compatible with the Paris Agreement objective to hold the increase in the global average temperature to well below 2 °C and pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels, ensuring the environmental integrity of those credits, while promoting the Union's technological Leadership. [...] credible and transformative activities in partner countries with the aim of achieving climate targets and policies compatible with the long-term temperature goal laid down in the Paris Agreement, that they are subject to robust safeguards, including ensuring integrity, avoidance of double counting, additionality, permanence, transparent governance, strong monitoring, reporting and verification methodologies, that they ensure economic, social and environmental co-benefits and human rights safeguards, and have a high ambition for the share of proceeds for adaptation and the sharing of mitigation benefits with countries concerned; when establishing the quality criteria, the Commission shall consider, where appropriate, complementing the criteria laid down under Article 6(4) of the Paris Agreement to ensure the respect of those safeguards and the highest quality of international credits, in particular with regard to permanence and human rights



# Key questions

1. How will international credits be **integrated** into the EU's post-2030 climate policy architecture?
2. What is “**high quality**”, and how should the specific provisions of the climate law be implemented in practice?
3. How should the credits be **purchased**? (And by whom?)



# 1) Integration into post-2030 climate package

- Role of credits in the EU ETS?
  - Commission has expressed reservations regarding direct integration with purchase by companies
  - Yet int. credits could still create additional breathing space for ETS
- Connections to ESR/LULUCF? (i.e. Member State-level targets)
- Governance regulation

→ To be further elaborated in upcoming proposals. ETS1 proposal in Q3 2026. Other elements in Q4 2026.



## 2) What is “high-quality”?

- Scope for quality: partner countries, cooperative approaches, credits, ...
- Develop own rules vs whitelisting existing systems
- Level of evaluation for credit quality: programs, standards, methodologies, activity types, projects, ...?
- Centralized vs decentralized evaluation
- Complementing PACM requirements



### 3) How to purchase?

- EU vs. Member States vs Mix
- Prioritisation elements to complement the pass/fail quality criteria (e.g. in relation to EU technological Leadership)
- Need to stimulate supply?
- Involvement of EU businesses



Public consultation is open until 04<sup>th</sup> May 2026:

**“Legal framework for the possible use of international carbon credits towards the 2040 EU climate law target”**

