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**No shortcuts to 90%:
designing the EU post-
2030 climate framework**

BELLONA REPORT

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SECTION 1

INTRODUCTION

The EU has set a **legally binding target of 90% net greenhouse gas emission reductions by 2040** (based on 1990 emissions), as an intermediate step towards climate neutrality by 2050.

Today, the EU climate framework is built on three pillars:

- The EU Emissions Trading System (ETS 1) covering electricity and power generation, industrial manufacturing and aviation, with ETS 2 operational in 2028 which will cover fossil fuel combustion in buildings, road transport and other sectors.
- The Effort Sharing Regulation (ESR), allocating binding national targets across sectors such as transport, buildings, agriculture, and waste, primarily based on Gross Domestic Product (GDP) per capita; and
- The LULUCF Regulation, covering emissions and removals from land use, land-use change, and forestry with binding national targets.

This is now the moment to do a similar exercise to the one carried out for the “Fit for 55” package: building the policy architecture for 2031-2040. Current national climate targets apply only until 2030.

In this context, **this report outlines how the post-2030 framework should be designed to ensure it is consistent with the 90% target.** It focuses in particular on carbon accounting related issues and the overall architecture of the framework. However, other critical challenges must be addressed. EU decarbonisation is slowed by insufficient investment in renewables and grids, continued fossil fuel subsidies, and weak implementation of energy legislation. Demand-side measures and green public procurement are insufficient to drive lead markets.

This report considers key changes introduced in the revised Climate Law, including the role of international credits, the specific role of land sinks, and the strengthened review clause. It should be read in the context of the European Commission’s public consultation on the future design of EU climate policy, including national targets and the use of international carbon credits. By the end of the year, the Commission is due to present a policy package with national climate targets and flexibilities, including international credits. In parallel, a review of the EU ETS (ETS 1) is expected by July 2026.

A central message is that **the climate package including national climate targets**

must be designed with a clear objective: delivering 90% net emission reductions domestically (i.e. within the EU). If not, the up to 5% contribution from international credits risks becoming a target in itself. Domestic emissions reductions should always remain the **primary route to compliance**, and the **most rewarded pathway** within the framework. **Flexibilities should play a limited role as a genuine last resort. Their use must be justified rather than assumed.**

The role of international credits must be carefully designed within this framework. **They should be treated as a separate strategic reserve, fully outside the main pillars of the EU climate framework.** The ETS, in particular, must remain strong and fully focused on driving domestic emission reductions, without any integration of international credits. **Their use must be backed by a clear and transparent justification, clearly explaining why a Member State could not deliver its share of the 90% target through domestic measures.** Importantly, **credit quality cannot be assumed and will need strong safeguards.** The use of international credits should supplement, rather than replace, international climate finance contributions to non-EU countries. Ensuring integrity is not only the responsibility of host countries. Both buyer (the EU) and host countries should be **on track to meet ambitious domestic mitigation targets and use international cooperation only to go beyond them.**

Too much of the current discussion, resources, and attention is focused on flexibilities, when the priority should be accelerating emissions reductions. This means maintaining a robust ETS 1, imple-

menting ETS 2, making progress for other sectors covered by the Effort Sharing Regulation including compliance measures for the agricultural sector. **In parallel, the decline of our land sinks should be reversed.**

It is key to differentiate between emissions reductions, the LULUCF sector, and permanent carbon removals. This differentiation is not a secondary technicality. It is the only way to prevent substitution between fundamentally different types of interventions, preserve environmental integrity, and ensure that incentives point in the right direction. **This is why proposals to merge the Effort Sharing Regulation and the LULUCF Regulation are particularly concerning.** It risks exacerbating existing difficulties in both frameworks and further weakening transparency.

At the same time, the role of permanent carbon removals, carbon farming and carbon storage in products must be clearly defined within the post-2030 climate framework. It is essential to **clarify how units under the Carbon Removal Certification Framework (CRCF) will be used** across these different categories, with **distinct and appropriate uses for each.** In addition, the CRCF must ensure that methodologies always reflect the best available science and respect the precautionary principle.

Post-2030 Climate Framework BINGO CARD



Figure 1: Post-2030 Climate Framework Bingo. Key design principles for a credible and effective EU post-2030 climate architecture.

POLICY RECOMMENDATIONS

ON THE DESIGN OF THE POST-2030 CLIMATE PACKAGE:

- Design the post-2030 package, including national targets, to achieve 90% net domestic emission reductions by 2040
- Keep the separation between the reduction of fossil fuel and industrial process emissions (ETS & ESR) and the management of land sinks (LULUCF)
- Make flexibilities conditional and last resort tools, always prioritising domestic action
- Establish a strategic reserve for international credits, with quality always preceding quantity and cost, and which may interact with national targets under strict pre-agreed conditions
- Exclude any inclusion of international credits from the ETS, whether direct or indirect
- Support the development and deployment of domestic permanent carbon removals by considering an indirect interaction with the ETS, using its revenues and other additional support measure
- Develop a residual emissions strategy to identify, minimise and address residual emissions, while ramping up natural carbon sinks and permanent removals separately to counterbalance those emissions

ON THE CARBON REMOVALS AND CARBON FARMING (CRCF) IMPLEMENTATION AND REVIEW:

- Ensure that the review of the CRCF, both the primary legislation and methodologies from the delegated acts, is done in reflection to the best available impartial scientific evidence, with full respect of the precautionary principle
- Clarify use cases for each sub-category of CRCF units and for CRCF-certified activities which do not generate credits

ON THE EU BIOECONOMY:

Develop an EU-wide biomass value hierarchy to ensure limited bioresources are directed towards the highest climate, environmental and societal value uses, prioritising food and feed, over low-value energy uses

SECTION 2

NATIONAL CLIMATE TARGETS CALIBRATED FOR 90% DOMESTIC

National climate targets must be designed with a clear and unambiguous objective: delivering 90% net emission reductions domestically. They should be binding, ensuring that Member States are held accountable for their contributions to the EU's 2040 climate target.

Flexibilities only have a role to play as a genuine last resort. Where they are used, their use must be justified - not assumed. This matters in particular for international credits.

If national targets are not calibrated to 90% domestic reductions from the outset, the purchase of international credits would, in practice, become a target in itself. That is precisely the wrong signal to send at the start of a decade that will require sustained and large domestic investments. It may also lock in the EU and its Member States to purchase expensive international credits instead of investing to decarbonise domestically.

Proposals to introduce a "core target", alongside an additional contribution, risk weakening accountability, significantly decreasing ambition, and opening the

door to substitution between actions that should each be delivering separately in their own right, namely gross emission reductions, the land sector, and permanent carbon removals.

Setting and scope of national targets

National climate targets should be binding; it is a prerequisite for credibility. **Binding targets send the market clear signals that economic sectors need to plan and invest.** They drive the structural changes in production and consumption, and they ensure that Member States remain accountable for their share of the collective effort.

Impact must take precedence over cost-effectiveness as the guiding principle. A framework optimised purely for least-cost outcomes risks systematically under-delivering where structural transformation is most needed, seeking optimisation and fungibility where there is none.

Options for the scope of national targets	Advantages	Disadvantages	Implications	Bellona assessment
Emission reduction targets covering all emitting sectors	<ul style="list-style-type: none"> • High Member State ownership • Strong accountability • Simpler structure 	<ul style="list-style-type: none"> • Risk of increased flexibilities (ex: between gross emission reductions and land sinks) • Potential overreliance on LULUCF or removals instead of emission cuts • Less transparency and agency with regards to individual sectors' contributions 	Requires strong governance, transparency, and safeguards to prevent flexibility abuse	Works only if strict safeguards are in place to separate between emission reductions, LULUCF and permanent CDR
National net removal targets should cover the LULUCF and agriculture sectors (AFOLU)	<ul style="list-style-type: none"> • Manages the land and agriculture sectors in a more integrated approach 	<ul style="list-style-type: none"> • Agriculture emissions may be hidden behind natural sinks • Risk of relying on sinks instead of cutting emissions • Possible difficulties in accounting 	Requires strong compliance incentives and mechanisms to reduce agricultural emissions directly	Not recommended without binding targets to reduce agricultural emissions

Removal target to cover only the LULUCF sector (current architecture)	<ul style="list-style-type: none"> • Clearer sectoral responsibility • Easier to track natural sinks • Avoids mixing LULUCF with emission reductions 	<ul style="list-style-type: none"> • No policy signal to develop permanent removals • Does not address agricultural emissions directly 	<ul style="list-style-type: none"> • Agriculture must be regulated separately • Risks of under-investments in permanent CDR 	<ul style="list-style-type: none"> • Works well for managing land sinks, but incomplete for climate neutrality and net negativity • Should be complemented by clear measures to reduce agricultural emissions and a separate target for permanent removals
Two distinct national carbon removal targets: one covering the LULUCF sector and another for permanent removals	<ul style="list-style-type: none"> -Clearer distinction between temporary and permanent removals -Supports limited scaling of permanent removals -Avoids overreliance -Retains incentives to maintain and strengthen land sinks 	<ul style="list-style-type: none"> • Possibly more complex governance • Less flexibility in achieving climate neutrality 	<ul style="list-style-type: none"> • Requires a robust MRV and liability framework for storage permanence 	Most robust and science-based architecture

Table 1: Comparison of the different options for the scope of national targets (advantages, disadvantages, implications, Bellona assessment)

Importantly, no sector of the EU economy should be left behind nor left off the hook. The post-2030 framework must be designed with a forward-looking perspective: 2040 is not the finish line, and the work does not stop after 2050 either. All sectors should therefore contribute their share to decarbonisation.

According to the European Scientific Advisory Body on Climate Change (ESABCC), continued reliance on national targets and uncoordinated national measures alone risks producing fragmented and weaker climate outcomes across Member States, on top of being less cost-effective.ⁱ They recommend establishing a dedicated greenhouse gas

pricing mechanism for the agri-food system – applying the polluter pays principle gradually, with revenues recycled to support farmers and reward carbon removals.

In line with [scientific recommendations](#), national targets must also clearly differentiate between three distinct climate actions with no fungibility between them:

1. **Gross emission reductions**
2. **The LULUCF sector** which should itself include two sub-targets: one for reducing emissions and one for increasing removals
3. **Permanent carbon removals.**ⁱⁱ

This differentiation is not a technical

nice-to-have. It is the only way to prevent substitution between fundamentally different types of climate action, preserve environmental integrity, and ensure that incentives point in the right direction.

In particular, the Effort Sharing Regulation (ESR) and the LULUCF Regulation should not be merged into a single weaker instrument. Combining them under one framework risks increasing fungibility where there may be none, while also weakening incentives for emission reductions in key sectors covered by the ESR.

This option was mentioned by the European Commission in its [Communication](#) "A Simpler, Clearer and Better Enforced EU Rulebook" (April 2026).ⁱⁱⁱ It would result in the LULUCF sector mopping up residual fossil emissions from non-ETS1 sectors and without necessarily driving the enhancement or protection of our land sinks. While streamlining reporting is a legitimate objective, it should not come at the expense of environmental integrity, transparency and the overall robustness of the climate framework.

The Land Use, Land Use Change and Forestry (LULUCF) sector

The amended European Climate Law introduces several important changes regarding the LULUCF sector:

- The **realistic contribution of natural carbon removals** to the overall climate effort is acknowledged, **without a fixed quantitative contribution**, as opposed to the 2030 target.
- **Any possible shortfalls of this sector should not be at the expense of other economic sectors.** In other words, underperformance in land sinks should not translate into addi-

tional obligations for sectors outside the LULUCF Regulation.

- The text maintains limited flexibility by allowing Member States to use surplus natural removals to compensate emissions in other sectors.
- The text emphasises the need to **maintain, manage and enhance natural sinks over the long term, as well as protect and restore biodiversity.** Land sinks are also recognised as a key pillar for supporting a **sustainable and circular EU bioeconomy.**
- The review clause is strengthened. **If the projected level of natural removals for 2040 significantly diverges from what is required to meet the 2040 target - including natural disturbances and climate change effects - the Commission may propose corrective measures, including a possible adjustment of the headline 90% target.**

These elements provide a clear rationale for keeping the LULUCF sector as a distinct pillar within the EU climate framework. However, they reveal a fundamental tension in target-setting:

- On the one hand, there is a need to maintain a high level of ambition - for climate mitigation, biodiversity protection and other co-benefits, but also to support the development of a sustainable EU bioeconomy.
- On the other hand, setting overly ambitious expectations for land sinks could prove counterproductive, increasing the risk of future target adjustments. This possibility not only weakens regulatory certainty but also risks signalling that ambition is negotiable.

At the same time, **the current lack of a clearly defined contribution towards the overall climate target creates a risk of over dependence on the performance of land sinks.**

To address this, a clear contribution from the LULUCF sector is needed, supported by incentives and measures to reduce emissions, and to protect and strengthen land sinks. They should address all drivers behind declining sink capacity. Distinguishing between LULUCF **emission reduction targets** (e.g. restoration of peatlands), and LULUCF **removal targets** would improve both **tracking transparency and policy implementation.**

Policy measures to reach the targets are proven to be able to fulfil the sectors removal potential. According to the European Environment Agency (EEA), these include **protecting carbon stocks**, more sustainable management of land and forests, tree-planting including agro-forestry, and a different pattern of biomass usage in longer-lived products. For peatland restoration, for instance, there is room for action, but the potential short-term reward is not as large as in the forestry sector.

Reversing the decline of land sinks and enhancing carbon stocks and removals require enabling policies in the short-term to strengthen natural carbon sinks. The challenge is that the benefits of these policies towards healthier land sinks will likely only be visible in the longer term (often decades because of their carbon cycle) to strengthen the climate resilience of a LULUCF sector challenged by both human-led disruptions and the broader effects of warming-induced ecosystem collapse. That is why the difficult but urgent part is putting the right measures in place quickly in the short term even if the

returns may only be reaped in the long term. **The narrative of the uncertainties linked to climate change and natural disturbances should not be used to weaken the LULUCF target, but as an additional reason to support climate resilience.**

A weak or ill-defined LULUCF contribution would raise broader concerns about the sustainability of the EU bioeconomy. Land sinks underpin the **credibility of the carbon neutrality assumption of biogenic emissions** (see the last section on the role of the CRCF, box on the zero-rating of biomass). The ES-ABCC makes it clear that reversing the land sinks decline is a precondition before developing BioCCS and other biomass-derived industrial removals.

Permanent carbon removals

The role and reliance on permanent carbon dioxide removals (CDR) in the EU climate framework remains insufficiently defined. Permanent carbon removals are a set of technologies that remove CO₂ from the atmosphere and store it in a way intended to be permanent over long timescales (e.g. geological storage).^{iv}

There should be a **dedicated and limited EU-level contribution for permanent carbon removals**, clearly separated from existing instruments such as the ETS, the LULUCF Regulation, and the ESR.

One option would be to develop an **ESR-style architecture for permanent CDR**, with a **specific EU-level target or contribution**, with corresponding **national targets for Member States, and clear limits**, either as a percentage or absolute quantity. Such an approach would ensure that permanent removals are **not treated as a flexibility**, but

rather as a **distinct, important component of the climate framework complementary and separate from emission reductions**.

This sends a dual signal to the market: for CDR developers, that removals are needed to comply with this separate target; and for emitters, that these removals cannot be relied upon to dilute emission reduction targets.

Any target for permanent CDR should strike a careful balance between ensuring sufficient removals to counterbalance residual emissions and support the transition to net-negative emissions, while maintaining strong safeguards to avoid overreliance and ensure continued pressure to reduce emissions. This requires a **robust and dedicated impact assessment**, considering not only technological readiness, but also feasibility of CDR deployment within **sustainability and other practical constraints**, including planetary boundaries, the availability of resources such as biomass, and the availability of necessary infrastructure for each Member State, such as geological CO₂ storage and power grids.

In the absence of a clear, limited contribution and a dedicated support framework, there is a risk of both insufficient deployment of permanent removals and excessive reliance on them. At the same time, a poorly designed framework could increase pressure on land-based resources such as biomass. National climate targets should be accompanied by an **EU strategy to identify, minimise and address residual emissions**. This strategy should prioritise, first and foremost, the **deep reduction of emissions at source**, particularly in hard-to-abate sectors, supported by targeted policy measures. It should also include the limited and well-defined role for permanent carbon removals. It will additionally need to consider

the role of international climate action to support the achievement of climate neutrality at a global level once it is reached at the EU-level.

Compliance with and flexibility of national targets

A science-based compliance framework requires strong accountability of Member States, limited and well-defined flexibilities, and a clear separation between different types of climate action.

For the compliance of national targets:

- **Annual compliance** (preferred option) provides the highest level of transparency and accountability, allowing for regular tracking of progress and enabling timely corrective action where needed.
 - *Example: targets must be met each year (e.g., 2031, 2032, 2033...), or there are annual emission limits (like under the current Effort Sharing Regulation).*
- A multi-year approach (second-best option) can offer some flexibility to account for variability, but there are risks of delaying corrective measures and reducing transparency if it is not carefully designed. This is currently the approach of the LULUCF Regulation (5-year compliance period).
 - *Example: targets are assessed over a period (e.g., 2030-2035, 2035-2040).*
- We advise against final-year compliance as it significantly weakens

accountability, increases the risk of backloading efforts, and potentially leads to higher cumulative emissions. It also runs a significantly higher risk that failure to reduce emissions to the required level may only be identified when it is too late for corrective measures, therefore further opening up the risk of watering down already-agreed targets and policies.

- *Example: only the final year (e.g., 2040).*

Flexibilities can have a limited role to play in compliance, but they must remain what their name implies: **a flexibility measure, not a target in themselves**. Domestic emissions reductions should always remain the **primary route to compliance**, and the **most rewarded pathway** within the framework. Tools such as international carbon credits should be used only where domestic efforts genuinely fall short. They should be treated as last resort, not a first option. As set out in the section of this report on international credits, such credits may also not be as cost-effective as they appear, which further weakens the case for treating them as a primary compliance pathway.

The current framework, notably under the Effort Sharing Regulation, already provides a range of flexibilities including: banking and borrowing across years, or transfers of annual emission allocations between Member States. Revenues from selling allocations should be used for climate action. These mechanisms contribute to **cost-efficiency** across the Union and are likely to remain part of the system.

However, certain flexibilities weaken the integrity of the framework. In particular, **flexibilities between ESR and LULUCF should be removed**, as they blur the distinction be-

tween fundamentally different types of climate action.

Importantly, a general principle should be to **avoid fungibility between emissions reductions, the LULUCF sector, and permanent removals, while allowing limited flexibility within the same category**. For example, once [robust methodologies](#) are in place, carbon farming credits developed under the Carbon Removals and Carbon Farming (CRCF) Regulation could play a role within the LULUCF framework.^v However, this should only be considered once environmental integrity and genuine climate benefits of these credits are ensured.

Proposals to condition compliance on key performance indicators (KPIs) rather than on emissions outcomes raise concerns. While such indicators can support implementation, they could, in the current political context, be used to **justify lower ambition** if outcomes are not achieved, or do not guarantee delivery of emission reductions.

Member States could contribute financially to **two distinct EU-level bodies**, centrally managed (e.g. by the European Commission), with the first being prioritised as it would directly support domestic capacity for permanent CDR:

- **A purchasing facility for permanent carbon removals.** This facility would support the **development of high-quality permanent CDR with verified co-benefits and minimal adverse sustainability impacts, and which could contribute to an EU-level limited contribution**. It could also provide support for other technologies (e.g. Enhanced Rock Weathering) that are not sufficiently robust for compliance with climate target, notably to improve their monitor-

ing, reporting and verification (MRV).

- **A strategic reserve for international credits.** This reserve, distinct from the Market Stability Reserve (MSR) of the EU ETS, would help ensure regulatory certainty, while providing consistent quality criteria for eligible credits. **Its use would be strictly optional, last resort, and subject to strict safeguards,** including a requirement for Member States to justify why domestic action was not sufficient to meet their targets. It would include only high-quality international credits, such as verifiable emission reductions or permanent carbon removals. Keeping these credits in a separate reserve also serve to retain control over how these credits may be used within the EU framework, providing a 'firewall' if

globally-agreed criteria are amended against the EU's preferences.

It is essential that these financial contributions do not weaken or replace the obligation of Member States to deliver domestic emission reductions in line with their national targets.

Climate policy should not become an exercise in "shopping around". **Flexibilities are not a menu of convenient options, but a last-resort tool. Their use must be backed by a clear and transparent justification, explaining why a Member State could not deliver its share of the 90% target through domestic measures.** This is essential to ensure the integrity of the framework and maintain pressure for structural decarbonisation.

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Domestic emissions reductions must remain the primary route to compliance, with flexibilities used only where genuine gaps remain.

SECTION 3

THE LIMITED ROLE OF INTERNATIONAL CARBON CREDITS

KEY POLICY RECOMMENDATIONS:

- Use credits as a strategic reserve/ emergency exit, separate from domestic compliance pillars
- Establish centralised EU-level management (e.g., via the European Commission)
- Ensure that spending on credits is not counted towards international climate finance or development aid commitments
- Preserve the integrity of the ETS by excluding international credits from compliance and preventing the use of ETS revenues for their purchase
- Use high-quality international credits, and exclude international credits generated by land sector projects which are challenging to accurately quantify and verify in the long-term
- Purchase credits from countries with strong NDCs

General considerations on the use of international credits

The use of international carbon credits for compliance with the EU climate target risks delaying domestic emission reductions and goes against the [recommendations](#) of the EU's own scientific advisory

board.^{vi} They have no place in the climate target of one of the wealthiest regions of the world, especially one which seeks to display leadership on the global stage.

The Climate Law includes international credits:

- Up to 5% (based on 1990 levels) of international credits can be used from 2036-2040. The exact volume of credits this amounts to remains undefined.

- Their use is conditional on meeting high-quality criteria (see below the section on the quality of credits).
- There will be a pilot period from 2031.
- The review clause leaves open the possibility of further use of credits linked to national targets. However, this would not correspond to an additional 5% of the same magnitude, as it would be based on a different baseline¹ and this still remains subject to future revision.

Within the post-2030 climate framework, international credits should be treated as a separate, strategic reserve. They should not be integrated into any of the main pillars of the EU climate framework, such as the EU ETS, ESR, or LULUCF Regulation. Integrating them into these policies would weaken incentives for domestic emission reductions and ultimately substitutes EU action with international credits. At the same time, international credits should not become a standalone pillar of the framework. Instead, **their use should remain exceptional: strictly limited to a last-resort measure and subject to strong quality criteria.**

Member States should finance international credits. They should be responsible for any last resort use of credits. Responsibility should not lie with companies as there should be no international credits in the ETS, and as this could lead to risks of double counting.

It is also essential maintain a clear separation between international credits and climate finance. **International credits are not a form of climate finance** - they are a **transactional**

mechanism where emission reductions or carbon removals are transferred between countries. Their use should not count towards climate finance contributions. This is also outlined by the [Oxford Principles for Responsible Engagement with Article 6](#).^{vii} Importantly, **the funds to purchase international credits should not come from international climate finance funds, or development aid funds.** Financing needs for climate action in developing economies are estimated at [USD 2.4 trillion per year by 2030](#),^{viii} far exceeding current international climate finance flows. Confusions between the two risk diverting revenues from much needed and genuine support to countries from the Global South. Furthermore, where activities are supported by both international credits and climate finance, credits should only be issued in proportion to the share financed through international credits.

¹ The baseline for these extra 5% would likely be based on the emission level in 2005 for the sectors covered by the Effort Sharing Regulation, as opposed to the economy-wide 1990 baseline.

	International credits	International climate finance
Objective	Meet a credit purchaser's climate target	Provide financial support to countries from the Global South (mitigation, adaptation)
What is transferred	Transfer of emission reductions or carbon removals (referred to as internationally transferred mitigation outcomes; ITMOs)	Financial transfers (grants, loans...)
Accounting	(Partially) count towards Nationally Determined Contributions (NDCs)	Counts towards climate finance goals (e.g. \$300bn/year by 2035)
Nature	Transactional	Support-based
Main risk	Substitution of domestic action (among others)	Underfunding

Table 2: **Key differences between international credits and international climate finance**

Permanent carbon removals	International credits
Technologies that remove CO ₂ from the atmosphere and store it permanently away from the atmosphere	Tradeable units, measured in tonnes of CO ₂ e, generated by projects that avoid, reduce, <u>or</u> remove greenhouse gas emissions
Can be generated within the EU or outside (but we primarily advocate for domestic support first). CRCF certification is only applicable for EU-generated removals and can only be used towards the EU's climate target.	In the case of the EU climate target: Implemented by a non-EU country, and used by the EU. The mitigation benefit can be shared between the buying and selling country, depending on the terms of the arrangement.
Permanent storage (>200 years...)	Not always permanent (ex: forestry projects)

Generally higher robustness (depending on the technology), with more predictable climate outcomes	Variable robustness depending on project types and methodologies
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Table 3: **Differences between permanent carbon removals and international credits**

Domestic permanent carbon removals and international credits are both included in the Climate Law. However, it should be made clear that **international credits can be generated from removals among other types of activities, but permanent removals are not necessarily international credits.**

<u>Notes</u>	<p>Article 6.2 of the Paris Agreement is an inventory tool between two parties, i.e. a bilateral agreement between countries who can set their own criteria. This approach is generally more open to loopholes but may also be more reliable if both Parties design it to be robust.</p> <p>Article 6.4 is a framework methodology, a technology-agnostic accounting tool with different standards put forward by the Supervisory Body of the Paris Agreement. This centralised approach is less subject to loopholes but may still be less robust than domestic instruments, such as the EU ETS.</p> <p>Mitigation Contribution Units (MCUs) represent emission reductions financed by a country or company but not counted towards the purchaser's climate target (no corresponding adjustment is needed). They sit between international credits and climate finance, as they link funding to mitigation outcomes without any offsetting.</p>
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WHAT IS THE REAL COST OF INTERNATIONAL CREDITS?

International credits are often presented as a low-cost way to meet climate targets. In reality, their true cost is higher and more complex than the headline price suggests. **International credits are not cheap - and once you factor in all dimensions, they may not be cheaper at all.**

Estimated cost of international credits compared to Innovation Fund EU funding

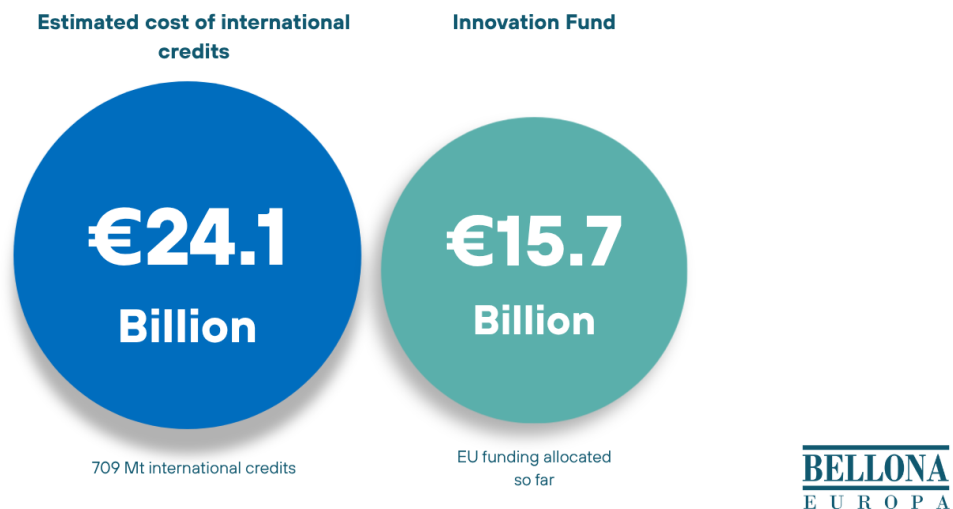


Figure 2: Estimated cost of international credits compared to the EU funding to the Innovation Fund²

1. DIRECT FINANCIAL COST

- The **project cost**= investment, operation and maintenance of the mitigation activity, MRV and certification
- **Share of proceeds (SOP) for adaptation:** under Article 6.4 of the Paris Agreement, 5% of credits are automatically cancelled and transferred to the Adaptation Fund. They are used to finance climate adaptation.
- **Overall mitigation in global emissions (OMGE):** under Article 6.4, at least 2% of issued credits must be cancelled to deliver a net climate benefit.

² The potential volume corresponding to 5% international credits remains uncertain and subject to the European Commission's impact assessment. This illustration assumes a linear use of international credits between 2036 and 2040, amounting to approximately 709 million credits. Bellona's preferred approach would instead follow a cumulative approach, corresponding to around 236 million tonnes. The comparison uses the current level of EU funding allocated through the Innovation Fund (€15.7 billion) and estimated costs for 709 million international credits based on Foundation Klik estimates for Switzerland (40 US per credit).

This means that if the project generates 100 credits, only 93 can be used, and this increases the effective cost per usable credit. In terms of price, [Carbon Market Watch estimates](#) indicate a conservative price of €70.^{ix}

2. ENVIRONMENTAL INTEGRITY RISKS

Some projects can have reversal risks, notably for land-based activities. There can also be leakage risks, where emissions are shifted to another place instead of reduced. In addition, ecosystem impacts have been reported (i.e., biodiversity loss, monoculture plantations). Poor environmental integrity can reduce or cancel out the mitigation value. Strong monitoring, reporting and verification (MRV) and safeguards can and should address these challenges, but add further expenses.

3. SOCIAL AND HUMAN COST

There can be land tenure conflicts, displacements of population, the loss of traditional livelihoods, or unequal distribution of revenues and benefits. These types of poorly governed projects can add real costs on communities from the seller country, which may not be well internalised by the carbon credit.

4. STRATEGIC COST

Resources spent on purchasing credits are resources not invested in international climate finance or in building the infrastructure needed to reduce emissions and scale up removals within the EU.

This risks delaying domestic mitigation and postponing structural change in terms of energy, industry, and other sectors. This further reduces incentives for innovation and investment in EU-based solutions. These short-term savings may lead to higher long-term transition costs.

In assessing policy options in the impact assessment, the European Commission should fully incorporate these costs and ensure that environmental integrity and quality are prioritised over quantity.

The EU regulatory framework and implementation

The EU should only purchase international credits from countries with **robust, Paris-aligned nationally determined contributions (NDCs)** and credible climate policies. Sourcing credits from countries with weak or unambitious targets risks creating perverse incentives, whereby countries may deliberately commit to weaker NDCs in order to generate credits for export. This would undermine global climate ambition and distort mitigation efforts.

In addition, eligibility criteria should include recent and transparent greenhouse gas inventories submitted to the United Nations Framework Convention on Climate Change (UNFCCC) and comprehensive sectoral coverage and inclusion of all key greenhouse gases. Moreover, credits should only be sourced from countries applying **robust accounting methodologies**, including multi-year accounting approaches that ensure consistency over time, instead of an averaging approach, as recommended by the [Oko Institut](#).^x

Ensuring integrity is not only the responsibility of host countries. In line with the Oxford Principles mentioned above, both buyer and host countries should be **on track to meet ambitious domestic mitigation targets and use international cooperation only to go beyond them**.

International credits should be integrated into the EU framework only under **strictly limited and clearly defined conditions**:

- A preferred option would be to establish a **strategic reserve** (not to be mistaken with the Market Stability Reserve of the ETS), to be used only as a last resort. Credits would be purchased centrally by an EU entity in any case, and Member States could request access only on the basis of a clear and justified need, demonstrating why domestic emissions reductions could not be achieved. Any credits in the strategic reserve that are not used for compliance with the EU target could be used as Mitigation Contribution Units (MCUs), in order to count towards the NDC of the host country.
- Alternatively, a more limited approach could allow credits as a **flexibility mechanism for the targets of Member States**, for example in response to exceptional circumstances such as clearly identifiable natural disturbances affecting land sinks under the LULUCF Regulation.

In either case:

- Access should depend on **demonstrated progress toward domestic targets**;
- The rules governing eligibility, activation, and accounting should be fully defined ex ante, notably during the pilot period;
- Their role should remain **conditional and limited**, preserving incentives for domestic action;
- International credit purchases should be **centrally coordinated at EU level**. A common purchasing mechanism would [ensure economies of scale](#) and

the consistent application of EU-defined quality criteria.^{xi}

- The Governance Regulation will need to ensure basic transparency and consistency. Member States must indicate whether and to what extent they plan to use international credits for achieving their targets, with an explanation of the justification for such use (including why domestic action alone was not sufficient), which types of credits they use, and quality criteria (environmental and social integrity of credits).

The quality of credits

The quality of international credits determines their environmental and social integrity, and their credibility. The EU is well positioned not only to ensure high standards in its own use of credits, but also to shape global markets by setting strong quality requirements. Both the demand side (EU use) and the supply side (host countries and project types) are critical.

CORE QUALITY CRITERIA FOR INTERNATIONAL CREDITS

Climate Law Amendments Related To The 2040 Climate Target^{xii}: “The origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law to ensure that they are based on **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**.”

The emphasis is added by the authors

The Climate Law includes key quality criteria for international credits, similar to those of the Oxford Principles, namely:

- **Additionality:** the emission reductions or removals would not have occurred without the project generating credits
- **Avoidance of lock-in:** credits must not support long-term high-emission infrastructure
- **Robust quantification of mitigation outcomes:** they must be accurately measured with conservative estimates
- **Addressing reversals:** mechanisms must address potential reversals
- **Avoiding double counting:** dou-

ble issuance, double use and double claiming between countries

Credit quality cannot be assumed and requires strong safeguards. A growing body of literature highlights significant concerns regarding the environmental integrity of international credits. A [2025 literature review](#) found that many programmes overestimate their climate impact “by a factor of five to ten or more.”^{xiii} Key issues identified include the lack of additionality, weak permanence (especially for nature-based solutions), leakage, and risks of double counting (where both buyer and seller claim the same reduction). Some [studies](#) found that less than 16% of assessed credits correspond to real emission reductions, which shows the extent of the issue of over-crediting.^{xiv} Introducing such major uncertainties into the EU’s climate frameworks represents as major risk of over estimating the EU’s contribution to climate mitigation efforts.

Strong environmental integrity must be accompanied by robust social safeguards. Some international credits projects have led to human rights violations, including impacts on Indigenous peoples’ rights, land tenure conflicts or land grabbing, and the loss of traditional livelihoods. All credit-generating activities should be subject to **meaningful stakeholder consultation with local communities**. **Effective and accessible grievance mechanisms** must also be in place and properly implemented to ensure that concerns can be raised and addressed in practice.

Another key quality criteria, also included in the Climate Law amendments, is that **international credits should be transformative**. This means that **the EU should prioritise “high-hanging fruit” rather than easily**

deployable “low-hanging fruit” projects. In practice, as explained by [Alliance Sud](#), many credits focus on widely available and already mature technologies that are relatively low-cost (i.e. improved cookstoves), which risks limiting the potential for deeper transformational change expected in the Climate Law.^{xv} On the contrary, **the EU should support innovative and more complex mitigation options that are not yet widely deployed, but have the potential to drive long-term transformation in partner countries.** It is worth noting that some of these activities, such as supporting the roll-out of enabling grid infrastructure for renewable energy systems, may not be easily quantifiable despite their obvious climate and social benefits.

Eligible types of projects

Eligible project types should only include real emission reductions and removals, and exclude avoidance-based credits (e.g., avoided deforestation), which claim emissions reductions by asserting that emissions were “avoided” compared to a counterfactual scenario. These credits are highly sensitive to baseline assumptions and present significant risks of over-crediting and weak additionality.

[Coal transition activities](#), such as the early retirement of coal-fired power plants, could be considered for international credits that the EU could purchase.^{xvi} However, their integrity depends on strong safeguards, including additionality, baseline setting and alignment with decarbonisation pathways. **Coal-to-gas transitions should not be eligible**, as they risk locking in new fossil fuel infrastructure (even if less emission-intensive) and are incompatible with the needed transition away from fossil fuels.

WHY LAND SECTOR INTERNATIONAL CREDITS SHOULD BE EXCLUDED FROM ELIGIBLE PROJECT TYPES

Land sector international credits refer to credits generated from activities in the land use, land-use change and forestry (LULUCF) sector. These typically include afforestation and reforestation, forest management, avoided deforestation, soil carbon sequestration, and other nature-based approaches that aim to maintain or enhance carbon reservoirs in biomass and soils. **While such activities can deliver important co-benefits, including for biodiversity and ecosystem services, they also raise significant concerns regarding environmental integrity when used for offsetting purposes:**

- The core issue of these credits is the **permanence of carbon storage**. They store CO₂ temporarily and will be increasingly subject to wind, droughts, pests, fires. **As a result, they cannot credibly replace domestic action and are not equivalent with permanent reductions of fossil emissions.**
- Land-based credits related to LULUCF are **complex to quantify** beyond carbon and require a more holistic approach looking at sustainability, biodiversity and ecosystem services. At the international level, these criteria differ in quality (e.g., number of clear cuts allowed, monocultures, species selection, and resilient agricultural practices).
- While often cheaper, many land-based credits have been shown to **overstate their climate benefits**, and in some cases may even lead to **negative environmental and/or social outcomes**.
- There is also a risk of **leakage**, whereby protecting one area can shift deforestation or land degradation to another.
- **The robustness of CRCF-equivalent international credits varies significantly across methodologies.** In particular, there is currently no clear scientific consensus on the quantification of permanent carbon from biochar, especially the uncertainties when applied to open systems such as agricultural soils. Biochar production relies on biogenic and agricultural residues, which may face increasing demand. Without adequate safeguards, this could create pressure on land-based resources and indirectly affect land sinks.

While such activities can be supported through international climate finance, they should not be considered eligible for use within the EU framework for international credits.

When international credits could be used for compliance in the EU ETS, some projects were ineligible such as some hydropower projects, projects involving destruction of industrial gases (fluoroform and nitrous oxides), nuclear energy projects, and afforestation or reforestation activities.

The use of international credits could serve as a tool to **address EU consumption-based emissions from outside the EU** and support decarbonisation along EU supply chains. In this context, credits would be strategic, targeted investments in key partner countries and sectors on which the EU depends. However, to ensure legitimacy and effectiveness, such an approach must deliver tangible benefits for local communities and be accompanied by capacity-building support.

The EU should develop either a negative list (blacklist) of ineligible credit types or a positive lists (whitelist) of pre-approved high-integrity methodologies.

Given both the integrity risks and the limited supply of high-quality credits, as highlighted by the [NewClimate Institute](#), the EU should make sure that the pilot period allows for the

testing of methodological robustness, availability of high-integrity credits, and governance systems before any scaling.^{xvii} **Supply shortage will be quite significant as NDCs are supposed to be more ambitious over time, which in theory means less international credits will be available.**

International credits can deliver co-benefits when they are well designed, with strong safeguards and clear quantitative limits, and provided they do not undermine the EU's primary objective of reducing domestic emissions. In such cases, they may support positive outcomes such as income generation and local development, and can also play a role in strengthening climate diplomacy. **However, without robust safeguards, they can just as easily exacerbate existing environmental and social risks, or even create new ones that outweigh the intended benefits. One thing should remain clear: they could also seriously delay EU decarbonisation, and this risk should not be overlooked when assessing their role in the climate framework.**



SECTION 4

THE EU ETS, AN ESSENTIAL PILLAR OF THE CLIMATE FRAMEWORK

In the context of the review, ETS 1 should be strengthened to continue driving domestic decarbonisation and to provide a clear and predictable framework for the European industry.

General considerations for the ETS review

As outlined in our [dedicated position paper](#), Bellona Europa recommends:^{xviii}

- Phasing out free allocation as the main instrument for carbon leakage protection
- Updating EU ETS benchmarks for the second allocation period (2026-2030)
- Reforming Indirect Cost Compensation (ICC) in the aluminium, steel and hydrogen sectors to make them CBAM-compatible
- Strengthening conditionalities on ETS's revenues use for industrial decarbonisation
- Protecting an ambitious and effective Market Stability Reserve (MSR)
- Not increasing cumulative emissions in any Linear Reduction Factor (LRF) modification
- Expanding linkages of the EU ETS with other international carbon markets such as the UK
- Including municipal waste incineration plants
- Implementing robust accounting of captured CO₂

The following sub-sections focus on two additional recommendations: international credits and permanent removals.

No use of international credits in the ETS

International credits should not be reintroduced into the EU ETS as it would weaken the carbon price signal and undermine domestic abatement incentives, even if their use were to be channelled through mechanisms such as the MSR.

Any direct or indirect integration of international credits risks having unintended and harmful effects. While it may reduce costs in the short term, it could undermine the very price signal that companies rely on for long-term investment decisions. Moreover, international credits cannot be easily converted into EU allowances, and the system was not designed for this.

This also implies that ETS revenues should not be used to finance international credits, which should instead focus on financing EU climate action.

By extension, there should be **no interaction between international credits and the Carbon Border Adjustment Mechanism (CBAM)**.

An indirect interaction with permanent carbon removals

The upcoming ETS review will also consider the possible role of permanent removals such as direct air carbon capture and storage (DACCS) and bioenergy with carbon capture and storage (BioCCS) under the ETS. However, this is only one element among many

under consideration, including the scope of the market, carbon leakage risks, the use of ETS revenues, new accounting rules, and other changes. In the context of this review, the core objective of the ETS should remain unchanged: to drive domestic emission reductions.

In particular, the Commission should explore an **indirect interaction between permanent carbon removals and the ETS, as an alternative to direct integration into the ETS**.

Up until now, removals could not be used for compliance under the ETS, which has focused on driving industrial decarbonisation and reducing emissions from large point sources. More broadly, removals are not yet explicitly integrated into EU climate policy instruments and therefore cannot yet be used for any compliance with EU climate targets. However, integrating removals into the ETS raises important concerns about environmental integrity and carbon accounting, as well as the risk that removals could substitute necessary and feasible emission reductions.

As explained in detail in our [report on the interaction between permanent removals and the ETS](#), Bellona recommends to:^{xix}

- **Support the deployment of permanent removals outside the EU ETS** in the short, to medium-term. This should be done through a limited, dedicated EU target for permanent removals, separate from emission reductions (including the ETS and ESR) and the LULUCF framework. This target must be associated with dedicated financial public support which respects the relative contribution of removals towards the overall climate targets.



- Explore an **indirect interaction between permanent carbon removals and the ETS, as an alternative to direct integration into the ETS.**
 - Any such interaction should be strictly limited in quantity, with only high-quality removals, and focused on addressing expected residual emissions in the ETS. For example, an interaction could entail the creation of a separate and parallel system or obligation to procure CDR proportionally to an entity's emissions. Such an approach would also allow the ETS to become an instrument which enables the 'discovery' of residual emissions, while maintaining continuous pressure on operators to reduce these emissions.
- **If removals interact with the ETS, this should happen only at a later stage, once strong Monitoring, Reporting and Verification (MRV) and accounting systems are in place, the sustainability of biomass sourcing has been strengthened, and storage permanence is better ensured.**
 - Removals reliant on geological storage would be the primary candidate in a first instance, given the existence of a robust MRV and liability framework for geological storage (Geological storage of CO₂ Directive).
 - The ESABCC makes it clear that robust certification is a prerequisite to any integration, together with governance frameworks to ensure long-term CO₂ storage
 - For BioCCS and other biomass-based removals, this would mean first revisiting the treatment of biomass in the EU climate framework, which implies strengthening the protection of land sinks, **revisiting the carbon neutrality assumption of biogenic emissions** in the ETS, and considering the carbon payback period of biomass.

SECTION 5

THE ROLE OF THE CRCF IN THE POST-2030 CLIMATE FRAMEWORK

As the EU Carbon Removals and Carbon Farming (CRCF) framework begins to generate units, the EU will need to clarify how these units can be used, learn from the practical application of the methodologies in the voluntary market to improve them in the next review, and identify the regulatory contribution it may be able to make towards the EU's 2040 climate target.

CRCF review

The certification framework for permanent carbon removals, carbon farming and carbon storage in products (CRCF) Regulation is a legislation to voluntarily certify carbon farming, permanent carbon removal activities and carbon storage in products. First of its kind as a voluntary approach for a legislation, it is currently not integrated into any EU climate policies, including compliance markets, will likely play a role in the post-2030 climate framework.

The [Regulation of the CRCF^{xx}](#) framework was [formally adopted](#) in November 2024 and out-

lines the essential elements of the certification for permanent carbon removals, carbon farming and carbon storage and in products. In particular, Article 2 of the Regulation defines carbon removals as "anthropogenic removal of carbon from the atmosphere and its durable storage in geological, terrestrial or ocean reservoirs, or in long-lasting products". **There are currently three categories under the CRCF: permanent carbon removals, temporary carbon farming, and carbon storage in products.**

Technical reports on other methodologies

The European Commission has mandated consultants to write scoping reports and organised technical workshops to discuss the technicalities and specifications of other methodologies: **Ocean Alkalinity Enhancement (OAE), Direct Ocean Capture (DOC-CS), Enhanced Rock Weathering (ERW), and mineral carbonation.** Bellona warns that there are significant remaining scientific gaps for the accurate MRV of ERW and

OAE; for measuring and assessing biodiversity and ecosystem impacts for marine CDR as a whole; for establishing baselines and scope for mineralisation; as well for the governance and overarching policy cross-over (e.g., London Protocol for marine CDR).

Our recommendation is to focus first on the review of the methodologies in the permanent removals delegated act, clarify the use cases of units generated by different categories currently covered by the CRCF, identify a role for certified activities not generating CRCF units, and ensuring environmental integrity and accurate climate impacts for the upcoming Delegated Acts for carbon farming and carbon storage in products.

Carbon farming

Carbon farming activities are divided into 3 types of activities: **agriculture on mineral soils, afforestation and rewetting of peatlands.**

While acknowledging some improvements in the latest draft Delegated Act for carbon farming, [significant gaps remain](#).^v In particular, it includes **weaknesses in how risks, baselines, monitoring, and environmental safeguards are handled, raising concerns about uncertainties in carbon accounting quantification** (for biochar addition in particular), **and unintended negative impacts on biodiversity, soil health, and overall climate impact.** The carbon lens of carbon farming is too restrictive to promote sustainable practices across the value chain, and methodologies should not shy away from measuring holistically climate benefits of carbon farming with the excuse of reducing administrative burden.

We call for stronger rules to ensure the integrity of carbon farming units issued and clarity on what they would be used for, especially considering the temporary aspect of carbon removals from carbon farming, the likelihood of reversals, and whether they are fit to be accounted for after 2030. This clarification is crucial, especially given the uncertainties of the future of the LULUCF regulation and the decline of the EU's land sinks. Once the methodologies are improved and aligned with the best science available, CRCF carbon farming units could be used to partially meet the LULUCF target, in order to ensure a coherent policy design for the enhancement of our carbon sinks overall.

Permanent carbon removals

The [delegated act](#) covering the methodologies for permanent carbon removals was recently adopted.^{xxi} It covers DACCS, BioCCS, and biochar.

As highlighted by a [draft resolution](#) of the Environment Committee of the European Parliament in March 2026, there are still strong reservations with regards to the environmental integrity of the methodologies and concern for the precautionary principle.^{xxii} This is also covered by the European Parliament Research Service's [recent summary](#).^{xxiii}

Bellona calls for these points to be taken into account in the context of the 4-year review of the methodologies of the delegated act:

- **The absence of any liability mechanisms or credit buffers for reversal risks** is a missed opportunity for MRV synergies between the carbon farming methodologies and the application of biochar into such agricultural soils. The

risks and uncertainties from biochar on Swiss Agriculture was also [highlighted](#) by their Federal Office for the Environment.^{xxiv}

- **The lack of full life cycle emissions embedded in the methodology for handling biomass for bioenergy** (also relevant for the BioCCS methodology) including indirect land use change (ILUC) and carbon payback periods remain problematic

for achieving climate benefits - and whether net negativity is actually realised.

- **The zero rating of biomass in the energy sector should be revisited** to better reflect carbon payback periods of different feedstocks used for BioCCS and have policy coherence for the enhancement of our land sinks under the LULUCF.



WHY THE ZERO-RATING OF BIOMASS SHOULD BE REVISITED

The zero rating of biomass is an oversimplification in carbon accounting in the energy sector, which creates harmful incentives and does not counterbalance the decline of the LULUCF carbon sinks without penalisation with proper emission factors for biomass.

An often overlooked issue when assessing the carbon accounting of bioenergy and BioCCS is the **carbon debt** or **carbon payback period** of biomass. The associated emissions, the effect of direct and indirect land use change at the start of the project for supplying biomass to a BioCCS project represent a carbon debt. This debt needs to be paid back: the time needed depends on the land used, the type of plant grown (and if it regrows), the climate-specific location, supply chain and lastly the process conversion of the biomass (carbon efficiency). The point at which this carbon debt is paid back can vary from months to a few years (e.g. dedicated energy crops on marginal land), to more than a hundred years (e.g. wood harvested from mature forests). The carbon efficiency measures how much of the CO₂ captured in the biomass is removed from the atmosphere. This parameter depends on the conversion route, i.e. if the biomass is burnt for heat / power (referred to as BECCS if coupled with CCS) or if it is converted to another type of chemical or fuel (any biorefinery product, e.g. bioethanol, biogas, jet-fuel, biochar etc, referred to as BioCCS if coupled with CCS).

Bellona calls for stronger MRV rules under the Renewable Energy Directive (RED) to be fully aligned with the LULUCF Regulation and the CRCF, so that carbon flows from biomass are transparently tracked from feedstock production to final energy use. **The zero rating of biomass must reflect the carbon flows between the LULUCF and the RED, especially with emerging biomass-based removal technologies for calculating their net negativity.**

The current treatment of biomass and waste in the RED still risks overstating the climate contribution of some pathways (especially for bioethanol for example). We recommend revisiting the effective "zero rating" of biogenic emissions, so that **emissions from biomass combustion, residues and waste streams are transparently reported and only discounted where robust lifecycle analysis shows that stringent climate neutrality or net removal benchmarks are met.** This would better differentiate between high and low risk pathways and help avoid incentivising problematic bioenergy uses. Moreover, the **carbon payback period should be considered in the revision of the zero rating of biomass, highlighting that the carbon and energy efficiency of burning biomass means bioenergy is not necessarily climate neutral.**

The [Implementing Act of the CRCF on certification schemes, certification bodies and audits](#) was adopted, and certification schemes can start operating in 2026, drawing structural parallels with RED III.^{xxv} Experts, including [Fern](#), warn against replicating the flawed RED's fragmented national certification model and its loopholes.^{xxvi} There should be guardrails for conflicts of interests, ensuring transparency, penalties for certification bodies with wrongful practices, and more importantly additional clarity on the accountability of Member States related to the certification schemes with the European Commission. The Implementing Act must ensure operability, clearly sanction wrongful practices, have clear mechanisms to avoid conflicts of interests, and ensure transparency to avoid structural mistakes from the implementation of the Renewable Energy Directive.

Bellona calls for more stringency on the delays in the implementation of RED and reporting on the cascading use of biomass from Member States, as well as conflicts of interests and lack of transparency from certification schemes. Member States should be required to report how their support schemes and allocation rules apply the cascading principle in a comparable way and avoid locking in low value or high-risk bioenergy options. The most harmful feedstocks such as some primary and old growth forest biomass and certain high impact forestry residues should be effectively excluded from counting towards targets and from public support, which should focus bioenergy on genuinely low risk residues, wastes and non-land constrained resources. Sustainable domestic European biomass is scarce, and this finite resource should only be used as a last resort for bioenergy, in full respect of the cascading principle.

The role of biomass in delivering carbon removals through BioCCS and durable biochar must be approached with caution. Such options can provide net removals only where they rely on sustainable, low risk biomass feedstocks and are subject to stringent MRV, permanence, additionality and liability rules fully aligned with the wider EU carbon removals framework and the agricultural sector. **Any integration of BioCCS or biochar into RED-related targets and support mechanisms should avoid creating incentives for increased biomass harvesting, or expansion of high-risk bioenergy uses.**

Carbon storage in products

Alongside permanent carbon removals, the CRCF introduced also **the temporary carbon storage in buildings, a specific category aimed at promoting the use of sustainable bio-based materials in construction.** This type of application is in line with the cascading use of biomass that gives priority to high-value, long-lasting applications of biomass and is described in our report [Net-Zero Pathways for European Cement](#).^{xxvii} As sustainable biomass is a limited resource in Europe and as the demand is expected to increase, it is crucial to ensure the best use of sustainable biomass.

Issuing certificates for bio-based products in construction is expected to promote a sustainable use and management of our forests and accelerate the uptake of timber and bio-based insulation in construction, especially in areas where the presence of such products remains limited. Nevertheless, the **temporary nature of such certificates** opens a relevant question regarding the accounting of such removals as well as the dependency it creates on the use of biomass to ensure long-

term carbon removals and continued climate benefits. In addition, the **proposed criteria for the sustainability of biomass** follow the Renewable Energy Directive that does not provide enough safeguards when it comes to the aspects not strictly related to CO₂, such as biodiversity, ecosystem services, and social impacts of harvesting biomass for products. In particular, Bellona suggests aligning the Carbon Storage in Products methodology with the mandatory and voluntary co-benefits criteria in the carbon farming methodology. When it comes to the post-2030 climate framework, **promoting better uses of sustainable biomass is one of the necessary steps to implement the cascading principle for biomass and it has a role in shaping the market and the uptake of bio-based products in construction.** However, this role is limited and should not be considered as a permanent tool, but rather a way to jump-start the market of bio-based construction materials and products. In order to do so, it is sufficient to regularly update the baseline scenario to reflect the change in use of such products in the local market, which would result in a gradual reduction of temporary carbon removal credits.

Member States should be required to report imported harvested wood products (HWPs). Under the current LULUCF Regulation, these products are not accounted for by the importing Member State. This creates a gap where they are excluded from accounting, while the associated climate benefits are still recognised within the EU system. Strengthening reporting on imported biomass would improve transparency, including regarding the climate impact of biomass consumption.





CONCLUSION

The post-2030 climate package will have strong strategic, economic and climate implications. **If it is not designed to deliver 90% domestic emission reductions, it risks delaying structural change and opening the door to shortcuts that risk undermining environmental integrity.**

A credible framework must make one thing clear: domestic action comes first. International credits should remain a last resort option held separately within a strategic reserve, and must not distract from the investments needed to decarbonise the European industry.

At the same time, European land sinks cannot be treated as an afterthought. They must be a **core, separate pillar of the framework**, supported by strong incentives and targeted measures. This is the only way to achieve climate neutrality, address the biodiversity crisis, and have a sustainable EU bioeconomy.

Only with the right policy choices, the EU can deliver on its 2040 EU target, reduce strategic dependencies, and strengthen its competitiveness.

POLICY RECOMMENDATIONS

01

ON THE DESIGN OF THE POST-2030 CLIMATE PACKAGE:

- Design the post-2030 package, including national targets, to achieve 90% net domestic emission reductions by 2040
- Keep the separation between the reduction of fossil fuel and industrial process emissions (ETS & ESR) and the management of land sinks (LULUCF).
- Make flexibilities conditional and last resort tools, always prioritising domestic action
- Establish a strategic reserve for international credits, with quality always preceding quantity and cost, and which may interact with national targets under strict pre-agreed conditions
- Exclude any inclusion of international credits from the ETS, whether direct or indirect
- Support the development and deployment of domestic permanent carbon removals by considering an indirect interaction with the ETS, using its revenues and other additional support measures.
- Develop a residual emissions strategy to identify, minimise and address residual emissions, while ramping up natural carbon sinks and permanent removals separately to counterbalance those emissions

02

ON THE CARBON REMOVALS AND CARBON FARMING (CRCF) IMPLEMENTATION AND REVIEW:

- Ensure that the review the CRCF, both the primary legislation and methodologies from the delegated acts, is done in reflection to the best available impartial scientific evidence, with full respect of the precautionary principle
- Clarify use cases for each sub-category of CRCF units and for CRCF-certified activities which do not generate credits

03

ON THE EU BIOECONOMY:

- Develop an EU-wide biomass value hierarchy to ensure limited bioresources are directed towards the highest climate, environmental and societal value uses, prioritising food and feed, over low-value energy uses

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Bellona Europa is an international, independent and non-profit organisation that meets environmental and climate challenges head on. We are solutions-oriented and have a comprehensive and cross-sectoral approach to assess the economics, climate impacts and technical feasibility of necessary climate actions. To do this, we work with civil society, academia, governments, institutions, and industries.