



## **New Economic Rules Needed for Effective Climate Action in Local Authorities in the Era of COVID-19**

In addition to overcoming COVID-19 and its impacts, limiting global climate change remains one of the greatest challenges facing humankind. Extreme weather events including floods, droughts, heat waves, and severe storms have significant consequences for the society and the economy, and their impacts are becoming increasingly relevant for cities and towns.

Cities, regions and local authorities play a key role in mitigating climate change as well as in building climate resilience and adaptation responses. Effective climate action takes place at the local level.

### **Framework for climate action**

The European Union (EU) and its member states acted together to negotiate the Paris Agreement in 2015, which sets out the framework to limit the global temperature rise to as close to 1.5 degree Celsius as possible. The climate goals of the Paris Agreement provide the legal basis for European climate policy.

The European Commission's European Green Deal aims to make the EU climate neutral by the middle of this century. The Green Deal contains an Action Plan that calls for strengthening the EU climate target; a European climate law; a new EU climate adaptation strategy; clean, affordable and secure energy; a revision of the Energy Tax Directive and a review of the Emissions Trading System (ETS); as well as a proposal for carbon border tax on imports in selected sectors.

### **Good will won't help without the right rules**

Many cities and towns have developed climate concepts and measures to help reach the goals set out in the Paris Agreement. Some of them aim to become climate neutral even before the year 2050 – the target year set by the EU. It is clear, however, that achieving these goals depends on a European regulatory framework that secures climate protection as its top policy priority and which creates long-term incentives and provides financial assistance to support the implementation of local climate strategies.

Cities, regions and local authorities are willing and ready to contribute to reducing the share of CO<sub>2</sub> emissions within their sphere of influence. To comply with this commitment, however, local authorities need improved framework conditions at both the national and the EU levels.

One element of this framework must be ambitious carbon pricing that encourages innovation and unleashes investment in low and zero-emission technologies and products.



**Therefore, we - the local-government members of CO<sub>2</sub> Abgabe e.V. - call for a minimum price on CO<sub>2</sub> emissions that**

- is introduced for all sectors, in particular transport, energy, buildings, and energy-intensive industry and which applies for the entire EU or for a group of pioneer EU member states;
- serves as a carbon border tax on all non-renewable energy sources including gas, coal and oil;
- starts at a minimum of 50 EUR per tonne CO<sub>2</sub> equivalent;
- increases 5 EUR per year in order to stimulate innovation and provide investment certainty;
- ensures fair and social justice, leads to less bureaucracy and unleashes the energy transition through tax and regulatory reform in the energy sector, not for the purpose of generating additional revenues but of having a steering effect.

Cities, regions and local authorities are pursuing ambitious climate goals. While they can depend on having the support of their committed citizens, they will not be able to reach their own nor internationally agreed climate goals without the support of the EU and of their national governments. The climate crisis is not waiting. We call on the EU to take urgent action on implementing an ambitious CO<sub>2</sub> pricing scheme.