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Answer given by Mr Hoekstra
on behalf of the European Commission
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The Commission proposed a vision for a prosperous, modern, competitive and climate neutral economy in 2018. The communication was backed by an in-depth analysis¹ assessing the feasibility and impacts of the transition to climate neutrality. It showed that the goal was not only feasible, but also desirable.

The 2040 target will provide the predictability needed to reach climate neutrality in 2050, as enshrined in the European Climate Law. The impact assessment accompanying the 2040 target Communication² reviewed the pathways to climate neutrality, their socio-economic impacts and the enabling conditions needed for the energy system, industry, buildings, transport and land use sector. It provided new estimates of investment needs, based on updated costs assumptions. The impact assessment again showed that climate neutrality can be achieved based on known technologies. While the transition is projected to impact Gross Domestic Product minimally, the EU economy will undergo significant transformations that will affect sectors, workers and households differently.

The Communication on a 2040 climate target³ therefore stresses the need for a strong enabling framework for a just and competitive transition, building on tools like the Innovation Fund, Modernisation Fund, Horizon Europe⁴ or Social Climate Fund.

It further stresses that achieving the 2030 target and fully implementing the Fit-for-55 package are key to achieve climate neutrality. It recommends a target of 90% for 2040 as a cost-effective intermediate point.

Most importantly, the impact assessment also stresses that the costs of inaction far outweigh potential transition costs and that achieving climate neutrality will yield substantial socio-economic co-benefits.

¹ https://climate.ec.europa.eu/document/download/dc751b7f-6bff-47eb-9535-32181f35607a_en?filename=com_2018_733_analysis_in_support_en.pdf

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52024SC0063>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2024%3A63%3AFIN>

⁴ https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en