



# GERMANY'S ANNUAL SECTORAL EMISSIONS TARGETS

## Key messages

Germany has set an economy-wide emissions reduction target of at least 65% by 2030 and at least 88% by 2040, compared to 1990 levels. The country aims to reach climate neutrality by 2045 (five years earlier than the EU target) and achieve negative greenhouse gas emissions after 2050. To achieve its ambitious national climate targets, Germany needs to advance emissions reductions in all sectors. The country has set up annual CO<sub>2</sub> emission budgets for six individual sectors until 2030, along with a monitoring and policy adjustment mechanism.

**Country:** [Germany](#)

**Sectors:** [Buildings](#) | [Energy](#) | [Industry](#) | [Agriculture](#)

**Scale:** [National](#)



Decent work and economic growth



Industries, innovation and infrastructures



Sustainable cities and communities



Responsible consumption and production



Climate action

## Challenge

To achieve its ambitious national climate targets, Germany needs to advance emissions reductions in all sectors. While climate action has been mainstreamed in nearly all policy areas, some sectors face more difficulties to reconcile sectoral objectives with climate targets. A sector-based approach is thus useful to monitor and measure progress towards achieving annual emissions reduction targets at sector level.

Germany's climate policy is aligned with EU climate legislation, including the EU Emissions Trading System (ETS), the Effort Sharing Regulation, as well as transport and land use legislation. Emissions reduction targets under the EU Effort Sharing legislation (covering the non-ETS sector) are legally binding. Its national emissions reduction targets in non-ETS sectors have been fixed at -14% in 2020 and -38% by 2030, compared to 2005 levels. Between 2013 and 2020, Germany missed overall climate targets in key sectors, particularly in transport and buildings. To comply with its commitment, Germany had to purchase emission allowances under the EU Effort Sharing legislation ([government press release](#)).

With tightened EU targets for 2030, Germany will need to increase climate action considerably in those sectors. Otherwise, a lack of sector-specific progress will demand acquiring offsets, which will have significant financial consequences.

## Approach

Germany's national climate targets are enshrined in the [Federal Climate Change Act](#) (*Bundes-Klimaschutzgesetz*), which was approved in 2019 and amended in 2021. For 2022-30, the Act defines quantified, annual greenhouse gas (GHG) emissions reduction targets for six individual sectors: energy, (small) industry, buildings, transport, agriculture, and waste and others. The targets are set in line with the European GHG reduction plans, following a linear trajectory. The pace of emissions reductions varies by sector. For example, to meet its 2030 sector targets, Germany's energy sector needs to cut emissions by 37.5%. Meanwhile, emissions from agriculture are required to decrease by 17% between 2020-30. However, unlike many other countries, Germany's targets not only cover CO<sub>2</sub> reductions but also all other GHGs.

The amendment of 2021 tightened annual emissions reduction targets for each sector until 2030. If a target is missed or overshoot, the difference will be subtracted from or added evenly to the remaining annual emissions budgets of the sector until 2030 and beyond. New emissions budgets for the years after 2030 will be set in 2024. Climate ambition of national climate targets can be further raised but not lowered. Responsibility for ensuring compliance with annual emissions budgets lies with the respective federal ministry.

Moreover, the Federal Climate Change Act introduced a mandatory emissions monitoring mechanism in which sectoral emissions are assessed annually and compared to sectoral targets. Every year, on 15 March, the German Environmental Protection Agency (UBA) publishes an estimate of annual emissions by sector. If a sector fails to meet its annual target, the responsible ministry is required to prepare an instant programme (*Sofortprogramm*) within three months. This aims to adjust the sector's trajectory and ensure compliance of the annual sectoral emissions budgets in the subsequent years. The instant programme is then reviewed by the independent Council of Experts on Climate Change ([Expertenrat für Klimafragen](#)). The Council, created in 2019, advises the government on implementation of the Federal Climate Change Act. The instant programme, along with the experts' assessment, are then presented for decision to the German Parliament (*Bundestag*).

## Results

Nearly all sectors achieved their sector-specific annual emissions targets in 2021, with the exception of transport and buildings. In line with the legal provisions, this triggered the preparation of instant programmes to correct the trajectories of these two sectors. The building sector has missed its sectoral target for the second time in 2021, and the transport sector only met the 2020 target due to mobility restrictions related to COVID-19.

In response to structural weaknesses in the building sector, funds will be increased considerably to ensure sufficient federal funding for energy-efficient buildings. The bulk of the spending comes from Germany's Climate and Transformation Fund. From 2023-26, EUR 56.3 billion are earmarked for the reform of funding for efficient buildings with a view to advancing modernisation of existing buildings through high cuts in carbon emissions.

The transport sector also presented an instant programme, mainly focusing on the promotion of electric mobility, public transport, cycle infrastructure and a digitisation push to promote working from home. However, the Council qualified the level of proposed additional climate measures as "insufficient".

Additional instruments will be needed to close the gap. Transport accounted for 19% of Germany's GHG emissions in 2021 and has been the slowest sector to cut emissions.

### Lessons learnt

It is too early to assess the effectiveness of instant programmes and Germany's annual sectoral emissions targets. However, the monitoring mechanism has been effective in holding sectors accountable while ensuring that every sector bears a fair share of national climate efforts. This is further amplified by public pressure on specific sectors that fail to meet their respective targets.

The fact that two ministries are now taking additional climate measures shows that the annual monitoring and adjustment mechanism is working. Additional measures are included in the government's climate action programme within the framework of the Federal Climate Change Act, and benefit from additional government funding. The monitoring system triggered significant adjustments to sectoral emissions trajectories. It ensures that corrective action is taken on time and that all sectors will play their part in national climate efforts.

### Further information

Federal Climate Change Act (Bundes-Klimaschutzgesetz) (2021), [https://www.bmuv.de/fileadmin/Daten\\_BMU/Download\\_PDF/Gesetze/ksg\\_final\\_en\\_bf.pdf](https://www.bmuv.de/fileadmin/Daten_BMU/Download_PDF/Gesetze/ksg_final_en_bf.pdf).

### Featured publication

OECD (2023), OECD Environmental Performance Reviews: Germany 2023, OECD Environmental Performance Reviews, OECD Publishing, Paris, *forthcoming*.

Link to: <https://www.oecd.org/environment/country-reviews>.

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