
TACKLING FRANCE'S ■ **CARBON FOOTPRINT**

IN RESPONSE TO THE
GOVERNMENT'S SEISIN

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■ EXECUTIVE SUMMARY

France's contribution to global greenhouse gas (GHG) emissions is not limited to the emissions produced domestically, but also includes, at least in part, the emissions associated with its international interactions. The latter comprise emissions from international transport, exported and imported emissions. Along with direct emissions by households and emissions from domestic production excluding exports, imported emissions form France's carbon footprint, which, in 2018, amounted to 749 MtCO₂eq – that is 11.5 tCO₂eq per person. With domestic emissions reaching 445 MtCO₂eq in 2018 (6.7 tCO₂eq per person), France's carbon footprint is therefore around 70% higher than its domestic emissions.

Total emissions from international transport (aviation and shipping) have been relatively stable since 2010 as the increase in aviation emissions was offset by a decrease in shipping emissions, primarily owing to an improvement in emission intensity – despite an increase in traffic. France is accountable for these emissions, which must therefore be factored into the 2050 carbon neutrality target and the country's carbon budgets.

Exported emissions have been relatively stable since 1995, and are already covered by existing carbon budgets since they are included in France's National GHG Inventory.

Imported emissions, by contrast, have been rising steadily since 1995. They mainly come from the European Union (EU) (first and foremost Germany) and Asia, and only a quarter or so of them come from a region that has committed to attaining carbon neutrality (primarily the UK) or is on track to do so (primarily the EU). The carbon footprint has been going down since 2005, but this is only on account of emission reductions on national territory, since imported emissions are on an upward trend. In all, 53% of the carbon footprint's emissions are emitted on national territory and are therefore subject to national climate policies.

To ensure that France's imported emissions contribute the least possible to global warming and to dispel any suspicion that the country might be reducing its domestic emissions by importing more – thereby burdening its trade partners with the task of mitigation – imported emissions must fall. The

Energy-Climate Act makes provision for an indicative ceiling from 2022 for the carbon footprint, which includes imported emissions. A 65% reduction target on these imported emissions, all GHGs combined, by 2050 compared with 2005 would be consistent with the global pathways limiting global warming to 1.5°C and enable France to cement its global leadership. Were carbon neutrality to be achieved in 2050 on national territory, this would equate to an 80% reduction in the country's carbon footprint compared with 2005. Such a target is also realistic, since there are areas where France has leverage for bringing its imported emissions down.

More than three-quarters of France's carbon footprint is tied in with decisions made by French economic stakeholders, whether French businesses (through their supply choices) or households (through their direct emissions and consumer choices). This share is relatively even between the different goods and services – with a few limited exceptions, such as for metal or refinery products, for example – and grows yet further if we factor in the decisions of the EU's economic stakeholders as well. Accordingly, the French and European regulatory frameworks, through the way they influence private decisions, can have an impact on imported emissions. To monitor reductions in imported emissions, the carbon footprint indicator is a key tool providing an insight into the economic and industrial production location and supply strategies, on an aggregate basis. The tool set up in France is appropriate overall, but its methodology needs to be improved by drawing on direct emissions and economic structure data outside the EU. Owing to time-frames for accessing the data required for its calculation, this tool would also gain from the addition of other indicators for monitoring the structural changes in progress for the most recent years. Moreover, in the current framework for calculating the carbon footprint, carbon storage and release associated with land use, land use change and forestry (LULUCF) are not taken into account, even though they are necessary for carrying out a net assessment of the climate impact of choices made by France's economic stakeholders. Although such an exhaustive assessment is not yet possible, imported deforestation – which accounts for a significant contribution in this regard – can already be measured and published at regular intervals.

The strategy to reduce imported emissions could thus harness four areas of leverage.

The key area of leverage concerns businesses, which need to minimise imported emissions associated with supply chains through consideration of the environmental implications of their actions. The "consideration" provision in the Action Plan for Business Growth and Transformation (Pacte) Act must be strengthened by leveraging public tendering or through firmer obligations. To support businesses in the decarbonisation of their supply chains, two measures stand out. On the one hand, decarbonisation strategies bearing on imported emissions by sector need to be set up, with quantified targets, in conjunction with the stakeholders and grounded in the most ambitious existing initiatives. These strategies bearing on imported emissions need to be added to the agenda regarding decarbonisation strategies for the domestic emissions of sectors, which the Government already announced in its response to the first report of the High Council on Climate (HCC). On the other hand, introducing a "carbon score", as has already been recommended by the Citizens' Convention on Climate, that is carefully linked with the other environmental indicators, would help to boost competition on environmental quality and strategic product differentiation.

The second area of leverage concerns households, who are unable to factor imported emissions into their consumer choices because they do not have access to information

about them. Measures targeting consumers must therefore form part of an overall campaign supporting more sustainable lifestyles and greater temperance (which falls outside the scope of this report) and providing information about the climate impact of products through the "carbon score". The final two areas of leverage concern France's diplomatic action with the EU and beyond, which must lead to a reduction in imported emissions. At European level, France must push for an assessment of the impact that European policies, free-trade agreements in particular – such as the one being negotiated with South American economic bloc Mercosur – have on the carbon footprint and imported emissions. This assessment should include the impact on imported deforestation. Moreover, border carbon adjustments aim at rebalancing the competitiveness of European businesses relative to that of their trade partners who may not have an ambitious climate policy. This scheme could end up impacting imported emissions if it increases the price of certain GHG-intensive imported products. The order of magnitude of such effects on competitiveness and on the distribution of costs between EU households, on the one hand, and between partner countries and the EU, on the other, still needs to be determined however, as they depend on detailed implementation arrangements. Outside the EU, France's priorities regarding its action abroad must include the scaling up of international pledges under the Paris Agreement. Finally, implementation of the national strategy against imported deforestation must pick up pace and be accompanied by measurable targets.

RECOMMENDATIONS

1. IMPROVE MONITORING OF THE EMISSIONS RELATED TO INTERNATIONAL EXCHANGES

- The carbon footprint indicator is an appropriate tool for gaining insight into the production location and supply strategies. It can be improved by **broadening the source data used**:
 - In the short-term, the use of data from multi-regional input-output tables should be given precedence over the current method.
 - In the longer term, France must make a contribution to standardising data sources and methods across the EU.
- **The carbon footprint indicator must be associated with other indicators**, given the lack of reliability of calculation for year Y-1. These should allow for detailed monitoring of the most recent changes in the structural determinants behind imported emissions (corporate supply strategies, intermediate or final demand of the most carbon-intensive goods, France's international trade structure).
- **Research and methodologies should be strengthened in terms of taking more effective consideration of carbon storage and release in connection with land use, land use change and forestry (LULUCF) associated with France's final demand.** For these are necessary for carrying out a net assessment of the climate impact of choices made by France's economic stakeholders.
- **An indicator of imported deforestation-related emissions should be produced and published annually**, since a significant proportion of the carbon released comes from imported deforestation. Grounded in existing methods and studies, this indicator would contribute to the roll-out of the national strategy against imported deforestation.

2. ADAPT THE EXISTING SETUP, INFORM DEMAND, OVERSEE TRADE AND SUPPORT GLOBAL AMBITION

- **Area of leverage 1:** Adapt the industrial strategies in France to minimise the imported emissions associated with supply chains and enhance product durability.
 - **Ensure the accountability and support French businesses** in their handling of imported emissions through their supply chains. The fact that a final good is produced in France does not mean there are no associated imported emissions. The necessary measures are set out in detail below.

- **Clarify the implications of the Pacte Act**, which makes the consideration of environmental implications by French businesses a requirement, in terms of businesses' supply chains and the corresponding imported emissions. Strengthen processes along these lines, such as through a priority on public tendering or through sanctions.
- **Together with the stakeholders, develop quantified strategies for reducing imported emissions by sector.** This move should be done concomitantly with the decarbonisation strategies for domestic emissions by sector, which the Government already announced in its response to the first annual report of the HCC.
- **Improve the life cycle assessment tools already available to businesses**, by standardising and providing a framework for their calculation methods based on existing studies by the Agency for Ecological Transition (ADEME), with a view to displaying a "carbon score" in line with the recommendation of the Citizens' Convention on Climate. This indicator will have to factor in emissions from production of goods and services, in addition to those related to the use of these products as is the case for energy labelling on household appliances or vehicles, in order to boost competition on environmental quality and strategic product differentiation. This data must comply with existing ISO standards, be available on an open-access basis and subject to long-term monitoring. Such a carbon score will have to be swiftly updated to include the other environmental impacts.
- On the basis of a **climate-related assessment of the impact of the anti-waste and circular economy Act**, determine whether additional measures are required to increase the reparability and lifetimes of products that incorporate imported emissions, in a bid to limit their renewal and foster employment in repair services.
- **Area of leverage 2:** Provide households with information about the climate footprint of the products they use to support the transition towards low-carbon consumer patterns. This measure forms part of an **overall approach to supporting more sustainable lifestyles and greater temperance** and providing information about the climate impacts of products through the "carbon score", which must be complemented by other environmental indicators.
- **Area of leverage 3:** Within the EU, promote measures to reduce imported emissions and an assessment of the impact trade policies have on the carbon footprint.
- **Underpin any border carbon adjustment with a multidisciplinary assessment so as to maximise its effects on emissions and minimise its adverse impacts.** Such an assessment will have to include information about its technical feasibility, its ability to reduce imported emissions and its effects, not least on the distribution of costs between EU households and between partner countries and the EU.

- Assess the impact of existing and future trade agreements on imported emissions, the carbon footprint and imported deforestation. Adapt them so that they support and facilitate **the low-carbon transition**.
- **Area of leverage 4:** Steer France's international cooperation towards a scaling-up of the pledges under the Paris Agreement.
 - France's diplomatic priorities abroad should aim at **scaling up the Nationally Determined Contributions under the Paris Agreement**.
 - Implementation of the National Strategy against Imported Deforestation (SNDI) needs to pick up pace, and be accompanied by measurable targets, beginning with the publication of road maps by producing country or region as regards the products in question, which have already been identified in the SNDI.

3. REDUCE THE CARBON FOOTPRINT IN LINE WITH THE OBJECTIVES OF THE PARIS AGREEMENT

- **Reductions in France's emissions in the context of its contribution to the Paris Agreement must not lead to an increase in global emissions.**
 - Since exported emissions are already covered by the existing carbon budgets of the National Low-Carbon Strategy (SNBC), they do not require a new strategy.
 - A specific strategy is called for regarding imported emissions and international transport-related emissions. This should include the national strategy against imported deforestation as well as the indicative ceilings stipulated in the Energy-Climate Act for the carbon footprint and international transport.
- International **aviation and shipping emissions must be included in the national target to achieve carbon neutrality by 2050** and in the carbon budgets, as recommended by the HCC in its 2019 annual report.
- **Reduction in imported emissions must begin from the first emissions ceilings stipulated in the Energy-Climate Act in 2022.**
 - The share of GHG emissions imported from countries committed to achieving carbon neutrality – almost the whole of the EU plus the UK – is still low (less than 25% in 2011). This share is expected to rise, either because businesses choose this option to bring down their imported emissions (area of leverage 1) or because more countries make carbon neutrality pledges (area of leverage 4).
- France's imported emissions must follow a pathway that is consistent with the Paris Agreement target – i.e. a **65% reduction in imported GHG emissions by 2050 compared with 2005**. Were carbon neutrality to be achieved in 2050 on national territory, this would equate to an 80% reduction in France's carbon footprint.

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ABOUT THE HAUT CONSEIL POUR LE CLIMAT (THE HIGH COUNCIL ON CLIMATE)

The High Council on Climate (HCC) is an independent body tasked with issuing advice and recommendations to the French government on the delivery of public measures and policies aimed at reducing France's greenhouse gas emissions. Its purpose is to provide independent insight on government climate policy. The HCC was established on 27 November 2018 by the President of the Republic and then by Decree in May 2019. Its members are chosen for their expertise in the fields of climate science, economics, agronomy and energy transition.