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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Draft Joint Declaration from Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels

Delegations will find in the Annex, on behalf of the EEAS, the draft Joint Declaration from Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels.

Delegations may send written comments by Monday, 31 October 14:00 to the EEAS: leoni.theodoridou@eeas.europa.eu and andras.rozmer@eeas.europa.eu with a copy to the Presidency lea_petrova@mzv.cz and the Council Secretariat energy@consilium.europa.eu .

EUROPEAN EXTERNAL ACTION SERVICE

MD GLOBAL

Working document of the European External Action Service

of 26/10/2022

EEAS Reference	**EEAS(2022) 1806**
To	**Energy Working Party**
Title / Subject	**Joint Declaration from Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels**
Ref. prev. doc.	**EEAS(2022) 1717**

SUBJECT: ***Joint Declaration from Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels***

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REMARKS:

This note is to request Council endorsement for a non-binding instrument on a "Joint Declaration from Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels". The Council has been informed about the intention to negotiate this Declaration on 18 November (EEAS(2022)1717).

The text attached has been preliminary agreed with the United States. The US and the EEAS/Commission have now started a process of outreach to a number of major fossil fuel importers and exporters in order to gather further endorsements. In this process, the text may still undergo small non-substantial modifications. The intention of the parties is to publicise the Declaration in the context of a presidential level event (involving US President Biden and Commission President Von der Leyen) on 10 November on the side-lines of COP27 in Egypt.

The document has been prepared with close attention not to pre-judge the outcomes of ongoing EU legislative processes.

A. CONTEXT

The EU's 2020 methane strategy set out a series of domestic and international policy actions in order to reduce the EU's methane emissions. Internally, the most prominent measure is new legislation concerning methane emissions in the energy sector, which is currently being considered in the Council and Parliament. Externally, the EU has been at the forefront of new international initiatives aimed to increase awareness and abatement action concerning methane. In November 2021, the EU co-convened – together with the United States – the Global Methane Pledge (GMP), which included a political commitment by over 120 countries to collectively reduce methane emissions across all relevant sectors (energy, waste management and agriculture) by 30% compared to 2020. Ever since, the EU has supported various implementing measures to make the GMP operational both as a functioning plurilateral initiative and through national implementation action across the globe. Twenty Member States have joined the GMP in their own right.

Recognising the short-term potential for action in the energy sector in particular, the methane strategy also suggested that the EU should aim to leverage its global market power in the energy (chiefly fossil gas) sector to drive towards *"ambitious international monitoring, reporting and verification (MRV) standards"* and hence promote the adoption of emission-reduction technologies. In practice, it is particularly important that a developing global agreement on MRV standards and approaches, including the role of the International Emission's Observatory is in line with internal legislation currently under preparation. Such a uniform approach to methane will ensure more efficient abatement efforts and specifically help the EU's goal to develop a methane supply-index, which can serve as a basis for future policy development.

Preliminary exchanges over the last 18 months appear to indicate that joint action solely by main fossil fuel importers (e.g. EU, Japan, South Korea, UK) may not be feasible, particularly in the current geopolitical and energy market context underpinned by energy security risk. It may, however be possible to build a coalition of significant importers and exporters and market participants who are progressive in their approach towards methane abatement (e.g. US, Norway, Qatar, Malaysia, Singapore, Australia), which could – in effect – fulfil the role of global standard setting, while also strengthening energy trading links.

B. OBJECTIVES

The objective is to agree on a Joint Declaration among a group of major fossil fuel importer and exporter countries that

- affirms climate action and energy transition goals
- affirms the importance of methane abatement in this process
- affirms commitments to methane abatement goals, and to internationally accepted MRV standards (particularly the Oil and Gas Partnership 2.0 standard)
- endorses the role of the International Methane Emissions Observatory set up within the UN Environment Programme
- recognises the role of methane abatement in strengthening energy security
- supports the development of relevant technical agreements
- promotes domestic policies with immediate and short-term effect on reducing energy related methane emissions.

Joint Declaration from Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels

The US, EU, and [XX countries] are committed to taking rapid action to address the dual climate and energy security crises that the world faces.

We affirm the need to accelerate global transitions to clean energy, recognising that reliance on unabated fossil fuels leaves us vulnerable to market volatility and geopolitical challenges.

We also recognise that under IPCC 1.5°C-aligned scenarios, fossil fuel consumption will persist, at rapidly declining levels, as the global energy transition unfolds. As such, we emphasise that dramatically reducing methane, CO2, and other greenhouse gas emissions across the fossil energy value chain is a necessary complement to global energy decarbonisation in order to limit warming to 1.5°C.

As among the world's largest importers and exporters of fossil energy resources, we commit to taking immediate action to reduce the greenhouse gas emissions associated with fossil energy production and consumption, particularly to reduce methane emissions. We emphasise that reducing methane and other greenhouse gas emissions from the fossil energy sector enhances energy security by reducing avoidable routine flaring, venting, and leakage that wastes natural gas. We also note that these measures will improve health outcomes by eliminating black carbon and other associated air pollutants.

We call on fossil energy importers to take steps to reduce the methane emissions associated with their energy consumption, which can spur emissions reductions across the value chain. We also call on fossil energy producers to implement projects and supporting policies and measures to achieve emissions reductions across fossil energy operations.

Through our collective efforts, we aim to reduce warming by 0.1°C by midcentury by accelerating methane and flaring reduction in the oil and gas sector, consistent with International Energy Agency findings of technically feasible reduction potential in the oil and gas sector, with further temperature reduction benefits arising from coal methane mitigation.

We reaffirm the call to action under the Global Methane Pledge to reduce collective anthropogenic methane emissions at least 30% by 2030 from 2020 levels as an essential strategy to reduce warming in the near term and keep a 1.5°C limit on temperature rise within reach. We recognise that the fossil energy sector must lead in rapid methane mitigation given the abundance of technically feasible and cost-effective mitigation measures available in the fossil energy sector, as called for in the Global Methane Pledge Energy Pathway.

Recognising the urgency of reducing emissions from fossil energy value chains, we commit to working towards the creation of an international market for fossil energy that minimises flaring, methane, and CO2 emissions across the value chain to the fullest extent practicable, as we also work to phase down fossil fuel consumption. We support the development of frameworks or standards for fossil energy suppliers to provide accurate, transparent, and reliable information to purchasers about the methane and CO2 emissions associated with their value chains.

We will support domestic and international action to achieve emissions reductions across the fossil energy value chain, such as:

- **Adopting policies and measures to achieve rapid and sustained reductions in methane and CO2 emissions across the fossil energy value chain:**
    - Adopting policies and measures to eliminate routine venting and flaring and to conduct regular leak detection and repair campaigns in upstream, midstream, and downstream oil and gas operations.
    - Adopting policies and measures to capture, utilise, or destroy methane in the coal sector to the fullest extent practicable, including through pre-mine drainage, coal mine methane destruction, and ventilation air methane destruction.
    - Putting in place measures to require or strongly incentivise reductions in greenhouse gas emissions associated with fossil energy imports.
- **Adopting policies and measures to support robust measurement; monitoring, reporting, and verification; and transparency for methane emissions data in the fossil energy sector:**
    - Adopting policies and measures to improve the accuracy of methane emissions data, and affirming the need to enhance greenhouse gas inventories, including through improving data availability and through direct measurements at source level for gas and oil, in view of moving towards highest tier IPCC methods for emissions quantification based on direct measurement, stochastic sampling, emissions factors, and other IPCC-approved approaches , and improving monitoring, reporting, and verification mechanisms as new data becomes available.
    - Supporting frameworks or standards to improve the accuracy, availability, and transparency of fossil energy methane emissions and emissions intensity data at the cargo, portfolio, jurisdiction, and country level, including consideration of accepted protocols such as the Oil and Gas Methane Partnership 2.0 (OGMP2.0) standard and tools such as independent verification that can support robust data collection and reporting.
    - Supporting international efforts to improve methane emissions measurement; monitoring, reporting, and verification; and transparency, including through partnership with the UNEP International Methane Emissions Observatory and other multilateral partners.
    - Improving data quality on fossil energy methane, including for abandoned wells and mines, non-commercial operations, or retired infrastructure.
- **Strengthening coalitions to reduce methane and CO2 emissions in value chains of internationally traded fossil fuels:**
    - Engaging public, municipal, and private sector fossil energy producers and purchasers to leverage contracts and other instruments, as appropriate, to improve methane and CO2 emissions performance from traded fossil energy resources, including efforts to decrease the methane and other greenhouse gas intensity per unit of energy delivered.
    - Encouraging companies' participation in the Oil and Gas Methane Partnership 2.0 (OGMP2.0) standard.

- **Mobilising technical assistance and financing for methane and CO2 mitigation in the fossil energy sector:**
    - Enhancing the provision of technical assistance and investment for methane and CO2 mitigation along the fossil energy value chain.
    - Developing financial tools and aligning financial standards to support methane and CO2 mitigation in the fossil energy sector.