

Climate Action Progress Report 2024 country profile

ITALY

This country profile supports and complement the assessments of the Climate Action Progress Report 2024. It is based on data reported by the EU Member States. It does not replace formal progress assessments.

January 2025

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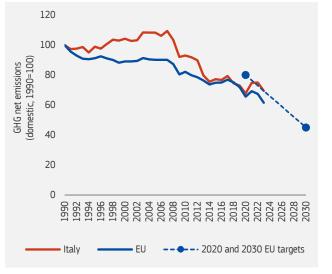


1. Key highlights

- In 2023, GHG emissions in Italy were 383.9 MtC02-eq, 6.4% lower compared to 2022.
- Net GHG emissions (i.e. including LULUCF) in 2023 were 31% lower than 1990 levels.
- Emissions covered by the Effort Sharing Regulation decreased by 1.8% compared to 2022.
- 39% of Recovery and Resilience funds and 28% of Cohesion funds are allocated to climate action.

2. Greenhouse gas emissions

In 2023, approximated domestic greenhouse gas (GHG) emissions in Italy were 383.9 MtC02-eq, 6.4% lower compared to 2022 and 7.8% below pre-pandemic levels. Overall, net domestic emissions, including the Land Use, Land Use Change and Forestry (LULUCF) sector, were 30.5% lower than 1990 levels.



Total domestic GHG emissions							
	MtCO2-eq	% change	% average annual change				
	1990	1990-2023	1990-2005	2005-2022	2022-2023		
Italy	522	-27%	0.9%	-2.2%	-6.4%		
EU	4 867	-36%	-0.5%	-1.7%	-7.6%		
Total net domestic GHG emissions (including LULUCF)							

Italy	519	-31%	0.5%	-2.1%	-7.4%
EU	4 650	-38%	-0.7%	-1.7%	-8.8%

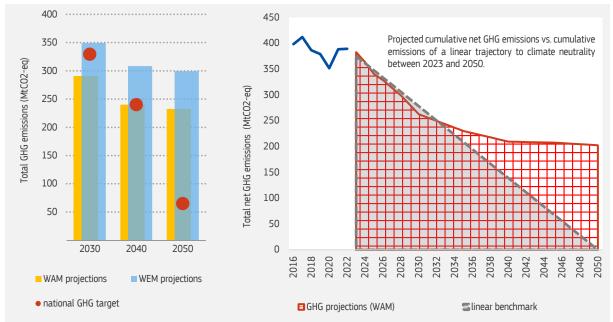
▲ Note: GHG emissions and removals for 1990-2022 are based on data submitted by EU Member States to the UNFCCC under Regulation (EU) No 525/2013. GHG emissions for 2023 are based on approximated GHG inventories.

In 2023, net GHG emissions per capita in Italy were 6.5 tonnes of CO2 equivalent, below the EU average of 6.9 tCO2-eq. In the same year, the GHG intensity of GDP (i.e. net GHG emissions over GDP) was 215 gCO2-eq/EUR, below the EU average of 225 gCO2-eq/EUR.

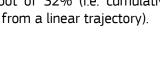
Note: Total net GHG emissions, including LULUCF and excluding international aviation. GHG inventory 1990-2022 and approximated GHG inventory 2023 (EEA). Real GDP in 2015-prices (Eurostat). Population (Eurostat).

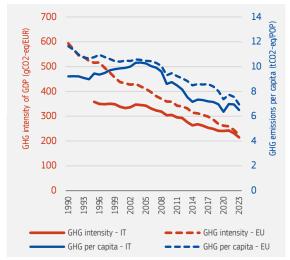
In 2024, Italy updated GHG projections. Under the existing policy scenario (WEM) they point to a reduction in net GHG emissions (including LULUCF) of 38% and 48% by 2030 and 2050, respectively, compared to 1990. With additional measures (WAM), projected reductions are 49% and 61% for the same respective years.

By comparing the cumulative projected net GHG emissions between 2023 and 2050 with a linear trajectory to climate neutrality by 2050, Italy shows an overshoot of 32% (i.e. cumulative projected emissions are higher than those from a linear trajectory).



▲ Note: Note: (1) GHG emission projections as updated by 11 Member States in March 2024. (2) WEM = with existing measures; WAM = with existing and additional measures. (3) The national GHG targets are from Member States' submissions of NECP progress reports (Annex I, Table 1). Missing data are replaced by other available reported information. (4) The overshoot metric compares cumulative projected net GHG emissions under the WAM scenario (including LULUCF) with cumulative emissions underlying a linear trajectory from 2021 emissions levels to zero by 2050.





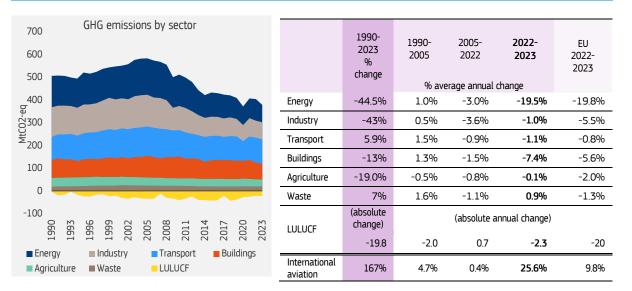
Projections overshoot

32%





3. Greenhouse gas emissions by sector



▲ Notes: (1) Energy sector refers to electricity and heat production and petroleum refining. (2) Industry includes fuel combustion in manufacturing and construction and emissions in industrial processes and product use. (3) Buildings includes emissions from energy use in residential and tertiary buildings, and energy use in agriculture and fishery sectors. (4) For LULUCF, the table reports differences between the given years in absolute values (MtCO2-eq). Negative values indicate a reduction of net emissions or an increase in net removals.

In 2023, the highest contribution to GHG emissions in Italy came from the Transport sector (30%), followed by the Energy sector (21%) and the Industry sector (20%).

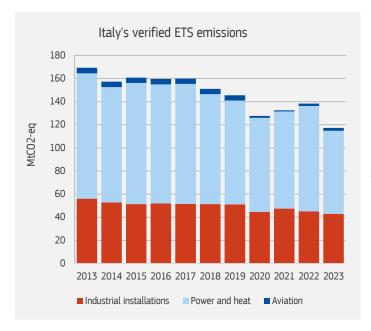
Between 2005 and 2023, the sectors which contributed the most to the change in net GHG emissions (i.e. -34%) were Energy, for which emissions fell by 52%, and Industry, where emissions fell by 47%.

4. Emissions under the EU Emissions Trading System (ETS)

The EU ETS is an EU-wide market instrument to provide an incentive for emission reductions and transformative investments in the covered sectors. This means that it is largely the market that determines where in the EU the emission reductions take place, outside the control of Member States. However, Member States may adopt complementary (sectoral) policies in addition to the ETS's carbon price signal.

In 2023, stationary installations (774 power generation and manufacturing industries) in Italy emitted 114.8 MtC02-eq (equal to 28% of total GHG emissions in Italy). This was 15.8% lower compared to 2022 and 19% below pre-pandemic levels. By 2023, emissions from stationary installations were down by 30% against the 2013 level (i.e. -53% to the 2005 level). Aviation emissions covered by the EU ETS were 23.8% higher compared to 2022, but 46.6% below the 2020 level.





▲ (**) ETS emissions from aviation include flights within the European Economic Area (EEA) and outgoing flights to Switzerland and to the UK.

In parallel, Italy has raised over EUR 15.56 billion in auction revenues since 2013 (EUR 3547 million in 2023), available for further climate action and energy transformation. Italy reported that an average of 30% of revenues was spent for climate and energy purposes over the same period.(*)

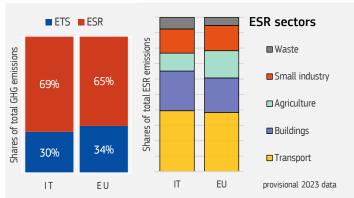
▲ (*) All 2023 revenue was reported as carried over for future spending and reporting. Additionally, EUR 23.2 million of the pre-2023 revenue was reported as disbursed in 2023 and EUR 23.8 million of the pre-2023 revenues was reported as committed in 2023. Following the Italian financial rules, committing or disbursing of the 2023 auction revenue will start in 2024. All reported spending corresponds to the revenue generated in 2022 or before. The purpose reported in 2023 with the biggest allocation from the ETS revenue is the financing of sustainable mobility interventions in public transport and mobility (EUR 20.0 million).

Verified ETS emissions (<i>MtCO₂-eq</i>)							
	2013	2022	2023				
Power installations	108.3	91.2	71.9				
% change since 201.	3 -	-15.8%	-33.7%				
Industrial installations	56.2	45.1	42.9				
% change since 201.	3 -	-19.7%	-23.6%				
Aviation (**)	4.81	1.99	2.47				
% change since 201.	3 -	-58.5%	-48.7%				

5. Emissions in Effort Sharing sectors

In 2023, approximated emissions under the Effort Sharing Regulation (ESR), which excludes ETS and LULUCF emissions and removals, were 69% of total emissions in Italy compared to 65% for the EU.

In 2023, effort sharing approximated emissions in Italy were 271.5 MtCO2eq, 1.8% lower than in 2022 and 3.0% below the pre-pandemic level.

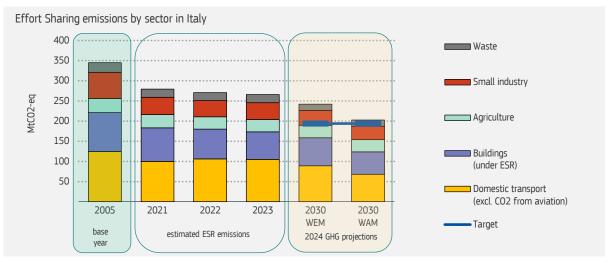


▲ Notes: (1) Small industry includes emissions from energy industries, manufacturing and construction, and industrial processes, that do not fall under the EU Emission Trading System. (2) Transport includes emissions from domestic transport activities, excluding CO2 emissions from aviation. (3) Buildings includes emissions for heating buildings under the ESR.



In 2023, the largest contribution to the absolute change in ESR emissions came from buildings, for which emissions decreased by 7.6%, and small industry, with emissions increasing by 4.4% compared to 2022.

In 2023, buildings accounted for 26% of total ESR emissions in Italy, and small industry accounted for 16%.

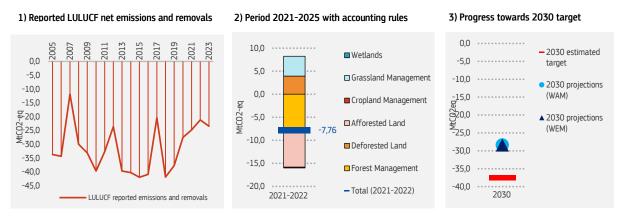


▲ Note: (1) 2023 ESR emissions are based on approximated inventory reports and the European Environment Agency (EEA)'s calculation of ESR emissions. The approximated emissions can, therefore, deviate from Member States' reported emissions. (2) Projections as reported by Member States under Reg. (EU) 2018/1999, compiled and checked by the EEA. (3) WEM = with existing measures, WAM = with existing and additional measures.

The Effort Sharing Regulation (ESR) sets the 2030 ESR emission reduction target for Italy to 43%, compared to 2005 levels. In 2024, Italy updated GHG projections. Latest GHG projections submitted by Italy under the existing measures scenario (WEM) point to a 29% decrease in ESR emissions by 2030 compared to 2005 levels, less ambitious than its ESR emission reduction target by 14 percentage points. Considering the impact of additional measures (WAM), projected ESR emissions point to a 41% decrease, less ambitious than its ESR emission reduction target by 3 percentage points.

6. Land Use, Land Use Change and Forestry (LULUCF)

Based on final inventory data, in 2022, Italy reported net removals of 21.20 MtCO2-eq in the land use, land use change, and forestry sector (LULUCF). Based on approximated data, in 2023, net removals from the LULUCF sector were 23.45 MtCO2-eq.





▲ Notes: (1) Figure 1 shows net reported emissions and removals for the LULUCF sector. Net removals are expressed as negative numbers and net emissions as positive numbers. (2) Figure 2 shows the accounted emissions and removals for the LULUCF sector in 2021 and 2022. Computation of the accounts per land use category, applying the standardised rules in the LULUCF Regulation EU) 2018/841. The input data for this analysis have been extracted from the EU Greenhouse Gas Inventory Report 2024 for 1990-2022 based on final Member States' inventory submissions under the EU Governance Regulation (EU) 2018/1999. (3) Figure 3 shows projected progress with existing measures (WEM) and with additional measures (WAM) in relation to the national 2030 target. The LULUCF Regulation sets out binding national 2030 targets for each Member State encompassing all emissions and removals in the LULUCF sector (Art. 4.3). The targets are specified in Annex IIa of the LULUCF Regulation. Individual targets are derived from the EU-wide target of -310 MtCO2-eq net removals by 2030, Member States' average historic net removals from their GHG inventories for the years 2016, 2017 and 2018 and the countries' share of total EU managed land area.

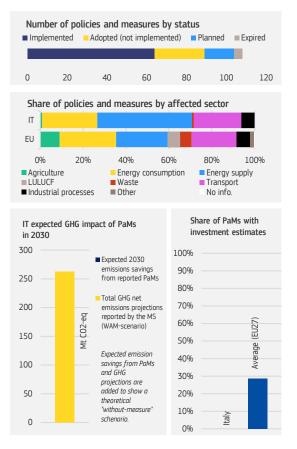
With current LULUCF accounting rules – with a limited scope – applicable to the period 2021 to 2025, the provisional 'accounted' balance for 2021 and 2022 using the 2024 GHG inventory submission produced an accounted credit of 7.8 MtCO2-eq.

Afforested Land and Forest Management were the dominating land activities, with accounted net removals of 8.4 and accounted net removals of 7.4 MtCO2-eq, respectively.

Latest LULUCF projections for Italy show net removals in 2030 of 28.4 MtCO2-eq with existing measures (WEM), leaving a gap of around 9.2 MtCO2-eq to the estimated 2030 net removal target of 37.6 MtCO2-eq. Italy did not submit projections with additional measures (WAM).

7. Policies and measures

This section uses data reported every two years by EU Member States on their national greenhouse gas policies and measures (Article 18 of the Governance of the Energy Union and Climate Action Regulation). The EEA performs specific quality checks on the submissions by Member States to ensure the accuracy of the reported information on policies and measures. Nonetheless, the analysis suffers from the lack of completeness of reported data.



In 2023, Italy reported 109 single policies and measures (PaMs), representing an increase of 160% compared to 2021. As of 2023, none of the reported PaMs are planned but not yet implemented.

Ex-ante emissions savings

Italy did not estimate an expected emission reduction effect for any of its single or group PaMs.

Investments needs

Italy did not provide estimates of investment need for any of its single or group PaMs.

More information and visualisations are available at the EEA integrated national energy and climate policies and measures data viewer.





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8. Climate-neutrality dashboard

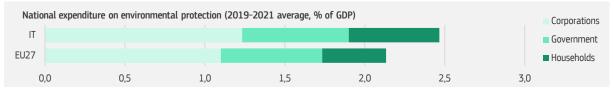
	GHG intensity of GDP (2023)	Projected net GHG emissions by 2030 (tonnes C02eq per capita)	ESR target vs MS projections (to 2005 level, ppt, "-" = gap)	LULUCF target vs MS projections (tC02eq/Km2 of land, "-" = gap)	Share of gross final consumption of energy from renewable sources	Projected net GHG emissions by 2050 (tonnes C02eq per capita)	Overshoot vs. non- linear benchmark (2023-2050)	Target year for climate neutrality (officially reported or *** other sources))	Legal status of the climate- neutrality target (based on the Net- Zero Tracker)
Italy	201	4.5	-3.1	-37	19%	3.5	52%	2050	In policy document
EU27	206	5.0	-6.5	-22	23%	3.3	39%	2050	In law
Changes compared to the 2023 edition									
Italy					1			has improved or v	vhether the indicator vorsened compared to
EU27				l					of the dashboard and itude of the change.

▲ The table above represents an extract of the Climate Neutrality Dashboard as reported in the staff working document accompanying the Climate Action Progress Reports 2024. (1) GHG intensity of GDP (gCO2-eq/EUR2015) uses net GHG emissions (i.e. including LULUCF and excluding international aviation). Real GDP and population data from Eurostat. (2) GHG emission projections as submitted in 2023 (or updated in 2024) by Member States under Art. 18 of the Governance Regulation considering additional measures (WAM). EU Population in 2050 is based on the latest Eurostat population projections. Agriculture and forest land are based on the Eurostat land use statistics. (3) The overshoot against a non-linear indicative benchmark compares the cumulative projected GHG emissions (excluding LULUCF) with an indicative pathway to climate neutrality based on the scenarios proposed by the European Scientific Advisory Board on Climate Change, and then distributed across Member States according to the country's share of EU emissions in the core policy scenario supporting the initiatives delivering the European Green Deal. Projections consider, where available, the impact of both existing and additional policies and measures. (4) Target dates to achieve climate neutrality as in the NECP progress reports or, with an asterisk "*", when from other unofficial sources (Net-Zero Tracker: https://zerotracker.net/).

Climate	e-Neutrality Levers			The Climate-Neutrality Dashboard now includes a set of seven
	EU27	IT	change compared to 2023 for IT	new complementary indicators, or levers, to put some light into the level of GHG emissions in Member States:
Zero-Emission Energy	55%	36%	•	Share of RES and nuclear in gross electricity and heat production
Greening Industry	43%	42%	•	Share of RES and electricity in FEC in manufacturing and construction
Sustainable mobility	130	131	•	Average CO_2 emissions of new cars sold
Energy efficient buildings	3.9	5.0	٠	FEC in buildings, gOE per m ² *HDD and CDD
Waste prevention	511	494	•	Municipal waste generation per capita, kg
Climate investment	0.6%	0.3%	•	Private Investment in climate change mitigation purposes, % of GDP
Sustainable consumption	13.9	16.1	•	Bovine meet consumption per capita, kg

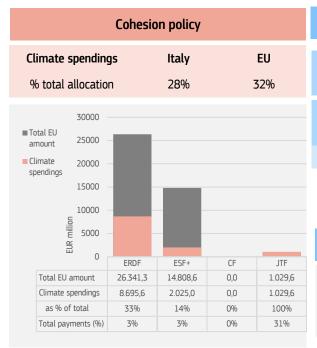


9. Financing climate action



Source: Eurostat -https://ec.europa.eu/eurostat/databrowser/view/env_ac_epneis1__custom_13909199/default/table?lang=en.

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▲ The chart presents information on investment plans from adopted programmes in 2021-2027 period. It shows only EU contribution. Payments include prefinancing and interim payments.

Source: https://cohesiondata.ec.europa.eu/

Innovation and Modernisation Fund

Innovation Fund (portfolio of signed projects)							
	n.	EUR million					
Small-scale projects	9	30.5					
Large-scale projects	2	133.9					
Auction projects	0	0.0					
Modernisation Fund							
	n.	EUR million					
List of confirmed or approved investment proposals	non- beneficiary						

Allocations (EUR billion)	Grants:	Loans:	% of GDP
	71.9	122.6	9%
Climate (EUR billion)	Expected clima	% of total RRF allocation	
	76.0	39%	
	EU total clin	42%	

Recovery & Resilience Facility

▲ Expected climate spendings based on climate tracking.

Total current payment								
0%	20%	40%	60%	80%	100%			
	58	% EU 4	120/					

▲ Disbursement reflects progress in the implementation of the RRF, across the six policy pillars. Source:

https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html?lang=en.

Project examples funded by cohesion policy 2014- 2020						
Transport	Railway network in the metro section of Catania	EUR 321.6 ml.				
Transport	Purchase of 51 electric buses	EUR 16.7 ml.				
Adaptation	Water distribution networks of 22 municipalities of Ato Puglia	EUR 15.3 ml.				
Adaptation	Flood protection in Palermo	EUR 9.5 ml.				

▲ Source:

https://ec.europa.eu/regional_policy/projects_en



Major Innovation Fund projects							
TANGO	PV giga factory	Solar energy	EUR million 117.7				
SC-HOOP	Sustainable Chemical recycling through HOOP technology	Chemicals	EUR million 16.2				
PRIMUS	Manufacturing of crystal glass	Glass, ceramics & construction material	EUR million 4.5				

Three projects with the highest contribution from the Innovation Fund. Source: Innovation Fund Project Portfolio - Innovation Fund - Portfolio of signed projects | Sheet - Qlik Sense (europa.eu) This country profile supports and complement the assessments of the Climate Action Progress Report 2024. It is based on data reported by the EU Member States. It does not replace formal progress assessments.

Every year, the European Commission publishes the EU Climate Action Progress Report: an annual report on progress towards the EU's emission reduction targets. The report covers actual (historic) emissions and projected future emissions for the EU as a whole and for every EU Member State. It also includes information on different climate policy areas, EU legislative progress, climate finance and adaptation.

With the annual report, the Commission delivers on obligations set out in the <u>Governance</u> <u>Regulation</u>, including to assess progress with the EU 2030 climate target.

You can see latest EU Climate Action Progress Report here: <u>Implementation for a clean and</u> <u>competitive EU economy</u>

"The EU is leading the way in the clean transition, with another year of strong greenhouse gas emission reductions in 2023. The EU now represents 6% of global emissions. At COP29, we once again demonstrated to our international partners that it is possible to take climate action and invest in growing our economy at the same time. Sadly, the report also shows that our work must continue, at home and abroad, as we are seeing the harm that climate change is causing our citizens."

Wopke Hoekstra

Commissioner for Climate Action European Commission

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