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Emissions trading

Success of EU ETS crucial to global efforts to combat climate change

On the occasion of the conditional approval by the European Commission today of the National Allocation Plans (NAPs) of 10 Member States for the next round of the EU Emissions Trading Scheme (2008-12), Greens environment spokesperson **Satu Hassi** stated:

"The EU's emissions trading scheme is a flagship for global efforts to combat climate change and it is crucial that we get it right for the second period. By addressing the flaws in the all the proposed NAPs, the Commission seems to be treating all Member States equally and this is important for providing the much-needed clarity for investors.

"The reductions made to the total allowances should help the EU to progress towards its climate targets, however a number of causes for concern remain. Deeper cuts are clearly needed but EU reliance on external credits for achieving our climate targets means these cuts will be postponed. Not only does this undermine EU credibility in international negotiations, it also delays crucial investment into clean technologies. It is also clear that the EU will not meet its Kyoto target (of an 8% reduction) without very strict measures on emissions from private households and transport, which are not included in ETS."

Greens energy spokesperson **Claude Turmes** added:

"While the Commission has addressed the over-allocations, a loophole in the ETS Directive by which energy sectors are treated differently across Member States remains. This has led to the perverse situation in Germany by which new coal power plants receive preferential permit allocations. This encourages investment into coal-powered energy, directly in conflict with the goal of reducing CO2 emissions. The reductions in emissions caps called for by the Commission should be used by Member States to resolve this situation.

"The Commission has left it open for Member States to still opt for more auctioning and this should stimulate a proper discussion on auctioning at national level. The current system of 'giving away' CO2 permits at the outset, with no auctioning, merely benefits big electricity companies, which made windfall profits from the scheme in the first phase."

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